



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
Dr. R. Scott Ralls, President

June 3, 2008

Dr. Bryan W. Wilson, President
McDowell Technical Community College
54 College Drive
Marion, NC 28752-8728

Dear Dr. Wilson:

Enclosed is the final audit report of findings from the recent audit conducted at McDowell Technical Community College. The college response dated April 25, 2008, concurred with these findings. Therefore, there is one audit exception noted for the processes, procedures, classes, and programs reviewed.

Thank you for cooperating with the System Office Audit Services staff during the performance of the audit.

Sincerely,

A handwritten signature in cursive script that reads "Fred G. Williams".

Fred G. Williams
Executive Vice President

Enclosure

- c: Mr. Matt Smith, Chair, Board of Trustees
- Ms. Hilda Pinnix-Ragland, Chair, State Board of Community Colleges
- Members, State Board of Community Colleges
- Dr. R. Scott Ralls, System President
- Mr. Leslie W. Merritt, Jr., State Auditor
- Ms. Jennifer Haygood, Fiscal Analyst
- Mr. David McCoy, State Budget Officer
- Community College Presidents
- Mr. Ray McKesson, Interim CFO, McDowell Technical Community College
- System Office Vice Presidents

North Carolina Community College System

Audit Findings for McDowell Technical Community College Spring Semester 2006 - Spring Semester 2007

An audit was conducted at McDowell Technical Community College by the System Office Audit Services staff on the maintenance of records and the reporting of student membership hours as well as certain college procedures for Spring Semester 2006 through Spring Semester 2007. The audit was conducted to review selected class reports for this period. If disagreement exists, the college may appeal the audit findings to the State Board of Community Colleges. This appeal must be submitted in writing within thirty days of receipt of the final audit report. The Board's Accountability and Audit Committee will hear the appeal and make its recommendation to the Board.

The scope of the audit included a pre-audit review of selected records pulled from the Institution Class Reports (ICR), programs, policies, and procedures for the period covered by the audit. Based on the pre-audit review, certain class reports were identified for further study. The following audit tests were conducted regarding the ICRs: (1) a statistically valid sample of attendance records and supporting documentation for student membership hour reporting was reviewed; (2) student registration and student receipt information were reviewed for selected programs; (3) college personnel were interviewed regarding student reporting; (4) certain college reporting procedures and practices were reviewed to assure compliance with the North Carolina Administrative Code; (5) selected program classification reviews and class visits were conducted; and (6) the college's accountability and credibility plan was reviewed.

Class visits are conducted on a random basis throughout the year, and a summary of these visits will be forwarded to the college at the end of the fiscal year. If concerns are noted which result from these visits, the college will be immediately notified. Program reviews/class visits conducted for the current fiscal year to date are listed in Attachment Number Two.

Based on the site review, one audit exception was noted and is discussed below.

EXCEPTION

During a review of continuing education course offerings, a number of errors were noted which resulted in 856 student membership hours incorrectly reported for budget/FTE. The errors are summarized below.

- Numbered Memorandum CC00-060, *Course Classification and Audit Reviews*, states, in pertinent part, "There are many instances where it is appropriate to offer similar subject matter under different program classifications. However, since these...programs are intended to meet different community needs and are funded in different ways and at different rates, the college must ensure that each course offered is appropriately classified under the

correct program area...in accordance with their program classifications as defined in 23 NCAC 02E .0101.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Summer 2006	CAS 3100 0400514	Basic Computer	120
Summer 2006	CAS 3100 0500059	Basic Computer	120
Summer 2006	CAS 3100 0500408	Basic Computer	144
Summer 2006	CAS 3100 0500409	Basic Computer	96
Fall 2006	CAS 3000 0500845	Basic Computer	144

Student membership hours were incorrectly reported for five students in 0400514; five students in 0500059; six students in 0500408; four students in 0500409; and six students in 0500845 when the classes were inappropriately classified as occupational extension classes instead of community service classes.

- Title 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (a)(2) “Definition of Student Membership. A student is considered to be in class membership when the student meets all of the following criteria: (A) Enrolled as evidenced by payment of the applicable registration fees, or obtained a waiver as defined in Paragraph (a) of Rule .0203 of this Subchapter; (B) Attended one or more classes prior to or on the 10 percent point in the class; and (C) Has not withdrawn or dropped the class prior to or on the 10 percent point.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Summer 2006	EMS 3060	Paramedic – In Service	+9
Summer 2006	FIP 3106	Personal Protective Equipment	+16
Summer 2006	FIP 4729	ICS 100	+8

Student membership hours were incorrectly reported for three students in EMS 3060; one student in FIP 3106; and one student in FIP 4729 who entered the class prior to the 10 percent point of the class and did not drop the class prior to or on the 10 percent point.

- Title 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (a)(4) “Calculation of Student Membership Hours for Regularly Scheduled Classes. Student membership hours are obtained by multiplying the number of students in membership at the 10 percent point in the class by the total number of hours the class is scheduled to meet as stated in official college documents.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Summer 2006	FIP 3116	Emergency Medical Care	+7

Student membership hours were incorrectly reported for seven students in FIP 3116 when 16 hours were scheduled and the appropriate registration fees paid, but 15 hours were reported for budget/FTE for students enrolled.

- Title 23 NCAC 02D .0203, *Fees for Extension Programs*, states, in pertinent part, (a)(5)(A) “Special Extension Training Programs. No registration fees shall be charged students enrolling for special extension training programs that directly relate to job performance set forth in G.S. 115D-5(b).”

NCCCS Numbered Memorandum CC06-186, *Registration Fee Waivers for Department of Correction Personnel*, states, in pertinent part, “Pursuant to G.S. 115D-5(b), the North Carolina Community College State Board has waived registration fees for Department of Correction (DOC) personnel classified as ‘full-time custodial’ who enroll in job related training courses...In order to be in compliance with the above referenced provision of the General Statutes, colleges shall grant registration fee waivers exclusively to DOC personnel who occupy positions contained on the attached list.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2006	CJC 5035	CPR- DOC Healthcare Staff	56

Student membership hours were incorrectly reported for 14 students who were inappropriately fee waived for the class, as they did not occupy positions contained on the “attached list.”

- Title 23 NCAC 02D .0203, *Fees for Extension Programs*, states, in pertinent part, (a)(4) “A registration fee shall be charged for each extension class of 21 weeks or less. A registration fee shall be charged each 16 weeks for extension classes lasting longer than 21 weeks.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2006	NUR 3236	Medical Transcription	216

Student membership hours were incorrectly reported for 12 students in NUR 3236 for the class meetings in excess of 21 weeks, as they were not charged a registration fee each 16 weeks.

Recommendation: An audit exception is taken to 856 student membership hours reported for budget/FTE for students who did not meet reporting criteria outlined in Title 23 of the North Carolina Administrative Code and NCCCS Numbered Memoranda. Staff should take the necessary steps to familiarize themselves with the aforementioned references to ensure the appropriate number of student membership hours are reported for budget/FTE.

Staff should review all records reported for student membership hours for budget/FTE since Fall 2006 and make any necessary adjustments.

The classes cited are listed below:

CONTINUING EDUCATION

<u>Contract Number</u>	<u>Course Number</u>	<u>Semester</u>	<u>Original Hours Reported</u>	<u>Corrected Hours</u>	<u>Hours Excepted</u>
0400514	CAS 3100	Summer 2006	120	0	120
0500059	CAS 3100	Summer 2006	120	0	120
0500408	CAS 3100	Summer 2006	144	0	144
0500409	CAS 3100	Summer 2006	96	0	96
0500845	CAS 3000	Fall 2006	144	0	144
0600012	EMS 3060	Summer 2006	177	186	+9
0500873	FIP 3106	Summer 2006	128	144	+16
0500904	FIP 4729	Summer 2006	104	112	+8
0600073	FIP 3116	Summer 2006	105	112	+7
0600134	CJC 5035	Fall 2006	56	0	56
0500577	NUR 3236	Fall 2006	972	756	<u>216</u>
Total Hours Excepted:					856

The cooperation of the president and staff during the course of the audit was appreciated.

SUBMITTED BY: Anne O. Miller
Audit Dates: January 22 - February 15, 2008

ATTACHMENT NUMBER ONE

**McDowell Technical Community College
Financial Adjustment
FY 2006 - 2007**

A total of 856 Continuing Education hours were cited that require a financial adjustment:

FTE Calculation Worksheet

Continuing Education \$ Value \$4,133.06

Continuing Education

Hours	/ 688 =	Extension FTE	Extension Value	Sub-Total Reversion
856	/ 688 =	1.25	\$4,133.06	<u>\$ 5,166.33</u>

25% Penalty Calculation

Hours	X 25% =	Extension Hours	/ 688 =	Extension FTE	Extension Value	Sub-Total Penalty
856	X 25% =	214	/ 688 =	0.32	\$4,133.06	<u>\$1,322.58</u>

Sub-Total Reversion	\$ 5,166.33
Sub-Total Penalty	<u>\$ 1,322.58</u>
Total	<u>\$ 6,488.91</u>

The college should submit Form 104 to the System Office for \$6,489 to resolve the exception.

ATTACHMENT NUMBER TWO

McDowell Technical Community College SUMMARY OF CLASS VISITS FOR FY 2007 – 2008

CURRICULUM

<u>Course Prefix and Number</u>	<u>Instructor</u>	<u>Location</u>	<u>Date of Visit</u>	<u>Students Enrolled</u>	<u>Attendance at Time of Visit</u>
BUS 225 01	E. Cross	Main Campus Bldg 19	09/18/07	6	2
MAC 111 20	S. Helms	Main Campus Bldg 14	09/18/07	7	6 *1
PSY 281 01	P. Bruce	Main Campus Bldg 4	09/18/07	7	<u>7</u>
Total CURRICULUM Class Visits/Program Reviews to Date:					3

*1 Instructor was 10 minutes late to class on the day of the visit. Informed college.
Instructor informed VP of the issue.

CONTINUING EDUCATION

<u>Course Prefix and Number</u>	<u>Instructor</u>	<u>Location</u>	<u>Date of Visit</u>	<u>Students Enrolled</u>	<u>Attendance at Time of Visit</u>
BSP 2000	D. Behm/J. Seagle	Foothills Industries	07/31/07	8	10
BSP 2000	T. Long/S. Canonico	JobLink	07/31/07	18	6
BSP 2000	M. Pritchard	Cedarbrook	07/31/07	5	3
BSP 2000	L. Rockliff	Recovery Ventures	07/31/07	13	3
CJC 3952	W. Huskins	Main-WH Smith Bldg	09/18/07	9	9
CJC 5035	T. Mikell	Main-WH Smith Bldg	09/18/07	21	21
CJC 5035	J. Wilson/W. Edwards	Main-Incubator Fac.	10/10/07	30	<u>30</u>
Total CONTINUING EDUCATION Class Visits/Program Reviews to Date:					7