



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Dr. R. Scott Ralls, President

January 22, 2009

Dr. Catherine Chew, President
Craven Community College
800 College Court
New Bern, NC 28562

Dear Dr. Chew:

Enclosed is the final audit report of findings from the recent audit conducted at Craven Community College pursuant to *N.C. General Statute 115D-5(m)*. The college response dated December 18, 2008, concurred with these findings. Therefore, there is one exception and one area of concern 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 black ink, appearing to read 'Kennon D. Briggs'.

Kennon D. Briggs
Executive Vice President and Chief of Staff

Enclosure

c: Mr. Daniel F. Pritchett, Chair, Board of Trustees
Ms. Hilda Pinnix-Ragland, Chair, State Board of Community Colleges
Members, State Board of Community Colleges R. Scott Ralls, System President
Dr. R. Scott Ralls, System President
Ms. Beth Wood, State Auditor
Ms. Andrea Poole, Fiscal Analyst
Mr. Charles Perusse, State Budget Officer
Community College Presidents
Mr. Johnny Peterson, Vice President of Financial/Admin. Serv., Craven Community College
System Office Vice Presidents

North Carolina Community College System

Audit Findings for Craven Community College Spring Semester 2007 - Spring Semester 2008

An audit was conducted at Craven 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 2007 through Spring Semester 2008. 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 Policy 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 during the period of review but may be conducted at other times if necessary. If concerns are noted which result from these visits, the college will be 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 and one area of concern were noted and are discussed below.

Exception

During a review of continuing education course offerings, a number of errors were noted which resulted in 2,779 student membership hours incorrectly reported for budget/FTE. The errors are summarized below:

- Title 23 NCAC 02D .0326 *Budget FTE Funding*, states, in pertinent part, (b) "Any class for which the instructor's services are provided at no cost or for which the instructional cost is

paid totally and directly by an external agency is a "gratis" class. In this situation, the class is reported as self-supporting, and does not generate budget/FTE. If a portion of the class is gratis, student hours shall be prorated accordingly."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Exceeded</u>
Spring 2007	CAS P3120 2	Integrated Software	4
Summer 2007	CAS P3120 20	Integrated Software	6
Summer 2007	CAS P3120 21	Integrated Software	42

In CAS P3120 2, the instructor was paid for 22 hours on the contract when there were contact hours reported for students for budget/FTE in excess of 22 hours. In CAS P3120 20, the instructor was paid for 20 hours on the contract when there were contact hours reported for students for budget/FTE in excess of 20 hours. In CAS P3120 21, the instructor was paid for 18 hours on the contract when there were contact hours reported for students for budget/FTE in excess of 18 hours.

- 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 held 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 of the class."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Exceeded</u>
Fall 2007	APR 3512 1	Residential Appraisal	16

There was no documentation that one student paid the applicable registration fees for this class.

- Title 23 NCAC 02D .0324 *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (a) "Regularly Scheduled Classes. (3) Student Membership Hour. A student membership hour is one hour of scheduled class or laboratory for which the student is enrolled. A college shall provide a minimum of 50 minutes of instruction for each scheduled class hour. A college shall not report more hours per student than the number of class hours scheduled in official college documents..."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	CAS 3120 23	Integrated Software	84
Spring 2007	FIS 3106 1	Marine Captain's Lic. Prep.	54
Spring 2007	FLI 3717 7	Spanish for the Workplace	72
Summer 2007	AER 3103 1	Aviation Ground School	36
Summer 2007	ANS 3011 3	Veterinary Assisting	+250

In CAS 3120 23, the class was scheduled and met for 18 hours, but reported for budget/FTE for 24 hours. In FIS 3106 1, the class was scheduled and met for 48 hours, but reported for budget/FTE for 57 hours. In FLI 3717 7, the class was scheduled and met for 16 hours, but reported for budget/FTE for 24 hours. In AER 3103 1, the class was scheduled and met for 54 hours, but reported for budget/FTE for 60 hours. In ANS 3011 3, the class was scheduled and met for 110 hours, but reported for budget/FTE for 60 hours.

- *N.C. General Statute 115D-5(c1)*, states, in pertinent part, "Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of contact hours rather than student membership hours..."

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2007	ANS P3011 2	Veterinary Assisting	117

This class was held at Craven Correctional Institution, but was set up and reported for budget/FTE as a membership hour class rather than as a contact hour class as required by general statute.

- *N.C. General Statute 115D-5(c1)*, states, in pertinent part, "Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of contact hours rather than student membership hours. No community college shall operate a multi-entry/multi-exit class or program in a prison facility, except for a literacy class or program."

Title 23 NCAC 02D .0324 *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (b)(3) "Definition of Student Contact Hour. A student contact hour is one hour of student attendance in a class for which the student is in membership as defined in Subparagraph (b)(2) of this Rule. Sixty minutes shall constitute an hour ... (5) Maintenance of Records of Student Contact Hours. Accurate attendance records

shall be maintained for each class. Attendance records shall be signed by the instructor or lead instructor, verifying their accuracy, and shall be maintained by the college until released from all audits as provided in the Public Records Retention and Disposition Schedule for Institutions in the Community College System. Student membership hours shall be summarized in the Institution Class Report and certified by the president or designee.”

Numbered memorandum, CC94-248, *Elimination of Multi-Entry/Multi-Exit Programming in All Prison Classes*, states, in pertinent part, “The following law eliminating multi-entry/multi-exit programming in all prison classes was passed during the recently adjourned General Assembly Short Session:

Senate Bill 1505 (Budget Bill). Chapter 769, Sec. 18.4:

Sec. 36. *N. C. General Statute 115D-5* is amended by adding a new subsection to read: “(c1) Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of contact hours rather than student membership hours. No community college shall operate a multi-entry/multi-exit class or program in a prison facility.

First, an important clarification:

Many in our system are used to thinking of “contact hours” and “multi-entry/multi-exit” as synonymous. While we have used them simultaneously, they are really two distinct concepts. Contact-hour reporting has to do with how you account for student attendance for funding purposes; multi-entry/multi-exit programming has to do with when you are able to enroll students. Under this new law, you will still account for students as you have been doing in the prison setting (using contact hours), but you will no longer be able to admit students continuously throughout the quarter/contract (thus, the elimination of multi-entry/multi-exit registration.)

The September 17, 1998, A Plan For Appropriate Community College Education in North Carolina’s Correctional Facilities report approved by the State Board of Community Colleges on the same date, states, in pertinent part, “Appropriate Management Philosophies Defined, Policies and practices governing student enrollment in courses should be consistent with general college policies/practices...in some cases the policies may be more restrictive. Examples of this include the law that requires contact-hour reporting.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Fall 2007	HOR P3307 1	Horticulture	520
Fall 2007	HOR P3307 2	Horticulture	2,030

In the captive co-opted class HOR P3302 1, two students entered the class after the 10% point set by staff, and were counted for budget/FTE (-522 hours.) Also, the total number of hours for students was miscalculated (+2 hours.) The total hours excepted for this class are 520.

In the captive co-opted class HOR P3307 2, eight students entered the class after the 10% point set by staff, and were counted for budget/FTE (-1,981 hours.) Also, the total number of hours for students was miscalculated (-49 hours.) The total hours excepted for this class are 2,030.

- Title 23 NCAC 02D .0324 *Reporting of Student Hours in Membership for Continuing Education Classes*, states, in pertinent part, (b)(3) “Definition of Student Contact Hour. A student contact hour is one hour of student attendance in a class for which the student is in membership as defined in Subparagraph (b)(2) of this Rule. Sixty minutes shall constitute an hour ... (5) Maintenance of Records of Student Contact Hours. Accurate attendance records shall be maintained for each class. Attendance records shall be signed by the instructor or lead instructor, verifying their accuracy, and shall be maintained by the college until released from all audits as provided in the Public Records Retention and Disposition Schedule for Institutions in the Community College System. Student membership hours shall be summarized in the Institution Class Report and certified by the president or designee.”

<u>Semester/Term</u>	<u>Course Number</u>	<u>Course Title</u>	<u>Hours Excepted</u>
Spring 2007	EMS 3031 3	EMT Field Internship	48

This class was scheduled as a contact hour class; however, hours were reported for budget/FTE as a membership hour class.

Recommendation: An audit exception is taken to 2,779 student membership hours reported for budget/FTE for students who did not meet reporting criteria outlined in *N.C. General Statutes*, Title 23 of the *North Carolina Administrative Code*, Numbered Memorandum, and State Board Plans. 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 2007 and make any necessary adjustments.

The classes cited are listed below:

CONTINUING EDUCATION

<u>Section Number</u>	<u>Course Number</u>	<u>Semester</u>	<u>Original Hours Reported</u>	<u>Corrected Hours</u>	<u>Hours Excepted</u>
2	CAS P3120	Spring 2007	180	176	4
20	CAS P3120	Summer 2007	212	206	6
21	CAS P3120	Summer 2007	206	164	42
1	APR 3512	Fall 2007	144	128	16
23	CAS 3120	Spring 2007	336	252	84
1	FIS 3106	Spring 2007	342	288	54
7	FLI 3717	Spring 2007	216	144	72
1	AER 3103	Summer 2007	360	324	36
3	ANS 3011	Summer 2007	300	550	+250
2	ANS P3011	Fall 2007	1,080	963	117
1	HOR P3307	Fall 2007	5,264	4,744	520
2	HOR P3307	Fall 2007	4,266	2,236	2,030
3	EMS 3031	Spring 2007	336	288	48
Total Hours Excepted:					2,779

In addition, there was one area of concern that merits the college's attention. It is discussed below:

Concern

In a review of skills lab hours, it was noted that contact hours were recorded and reported for budget/FTE when the students were working on assignments that were neither remedial nor developmental in nature. Hours were also reported for continuing education students.

- Title 23 NCAC 02D .0323 *Reporting of Student Hours in Membership for Curriculum Classes* states, in pertinent part, (d) "Skills Laboratory or Computer Tutorial Laboratory. Individualized instructional laboratories are similar to learning laboratories (see 23 NCAC 02D .0324(b)(6)) except the participants are curriculum students. Skills labs or computer

tutorial labs are remedial or developmental in nature and intended for students who are experiencing academic difficulty in a particular curriculum course. A skills laboratory instructor shall be qualified in the single-subject area of the skills laboratory. A computer tutorial laboratory coordinator need not be qualified in any of the subject area(s) provided in a computer tutorial laboratory. Student contact hours may be reported for budget/FTE when students are required by their instructor to attend either of the laboratories for remedial or developmental work and when the skills laboratory instructors or computer tutorial coordinators are paid with curriculum instructional funds.

- (1) Documentation of instructor referral shall be maintained for auditing purposes. Maintain documentation until released by audit.
- (2) Homework assignments shall not be reported for budget/FTE. (See 23 NCAC 02D .0325(a)).
- (3) Calculation of Student Contact Hours for Skills Laboratory or Computer Tutorial Laboratory. For these classes, actual time of class attendance shall be reported; 60 minutes shall constitute an hour. Student hours generated for these types of classes are the sum of all the hours of actual student attendance in a class in a given semester.”

Recommendation: An area of concern is taken for students who did not meet reporting criteria outlined in Title 23 of the *North Carolina Administrative Code*. Staff should take the necessary steps to familiarize themselves with the aforementioned reference 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 Spring 2008 and make any necessary adjustments.

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

SUBMITTED BY: Amanda K. Tolar
Audit Dates: October 6 – 27, 2008

ATTACHMENT NUMBER ONE

**Craven Community College
Financial Adjustment
FY 2007 - 2008**

A total of 2,779 Continuing Education hours were cited that require a financial adjustment:

FTE Calculation Worksheet

Continuing Education \$ Value \$4,249.46

Continuing Education

Hours	/ 688 =	Continuing Education FTE	Continuing Education Value	Sub-Total Reversion
2,779	/ 688 =	4.04	\$4,249.46	<u>\$17,167.82</u>

25% Penalty Calculation

Hours	X 25% =	Continuing Education Hours	/ 688 =	Continuing Education FTE	Continuing Education Value	Sub-Total Penalty
2,779	X 25% =	694.75	/ 688 =	1.01	\$4,249.46	<u>\$4,291.95</u>

Sub-Total Reversion	\$17,167.82
Sub-Total Penalty	\$ 4,291.95
Total	<u>\$21,459.77</u>

The college should submit Form 104 to the System Office for \$21,460.00 to resolve the exception.

ATTACHMENT NUMBER TWO

**Craven Community College
SUMMARY OF CLASS VISITS FOR FY 2008 – 2009**

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>
ENG 111	K. Wilkerson	Cherry Point	8/26/08	20	11
HIS 131	L. Zydeliene	Cherry Point	8/26/08	20	15
PSY 150	P. Johnson	Cherry Point	8/26/08	20	<u>11</u>
Total CURRICULUM Class Visits/Program Reviews to Date:					3

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>
CAS 3120	V. Murphy	Main Campus	10/16/08	7	7
COS 3101	A. Mercer	Main Campus	10/16/08	7	5
EMS 3031	J. Rollins	Main Campus	10/16/08	15	8
HEA 3002	Ed2Go	Internet	10/21/08	3	3
HOR P3307	A. Caprara	Craven Corr. Inst.	8/26/08	19	16
HRD P3033	J. Pierce	Craven Corr. Inst.	8/26/08	25	25
MLA 3022	B. McMahon	Main Campus	10/16/08	14	13
MLS 3847	Ed2Go	Internet	10/21/08	1	1
PHM 3250	J. Vogelien	Main Campus	10/16/08	33	31
RLS 3501	L. Bloxton	Havelock Campus	8/26/08	4	<u>4</u>
Total CONTINUING EDUCATION Class Visits/Program Reviews to Date:					10