

STATE BOARD OF COMMUNITY COLLEGES

Appeal of Audit “Concern” – Cape Fear Community Colleges

Appeal:

Under the guidelines associated with the appeal of Program Audit findings, a college is entitled to appeal those findings to the Policy Committee of the State Board of Community Colleges. Dr. Eric McKeithan – President, is making the appeal of an audit “concern” on behalf of Cape Fear Community College.

Background:

When Audit Services conducts a college’s audit review, there are certain findings that may be established by the Auditor in charge to include, from most to least severe: 1) An “Exception” (requires a refund to the state), 2) a “Concern”, and/or 3) a “Management Letter”.

Pursuant to State Board processes, as outlined in every audit report (“Audit Methodology”), “If disagreement exists (about the findings), the college may appeal the audit findings to the State Board of Community Colleges.”

Before the disagreement over the findings results in an appeal to the State Board, the following steps are observed and taken:

1. An “Audit Exit Conference” is held between the college president and staff, and the Audit Services staff;
2. A “Preliminary Audit Report of Findings” is sent to the college president by the Executive Director of Audit Services. The college president has 30 days to respond, in writing, after receiving the preliminary report;
3. The college president may agree with the finding(s), and the matter is resolved. If the college president does not agree, The Executive Director of Audit Services revisits the findings, and issues a second letter or e-mail.
4. If the college president continues to disagree with the audit findings, the Executive Vice President invites the college president and staff to come to the System Office and meet with the Executive Director of Audit Services and himself to discuss the findings.
5. If the findings are settled at this point, a final “Audit Report of Findings” is issued by the Executive Vice President. If required, any unearned FTE is reverted to the state General Fund y the college, generally within one year. If findings are not settled, a final report is issued, and the college may appeal the audit findings to the State Board of Community Colleges prior to the reversion of any unearned FTE. Historically, the Policy Committee of the State Board hears such appeals.

Case-Specific Details:

The case-specific details that surround Cape Fear Community College's appeal are documented in the attachments accompanying this Agenda item. The Audit Exit Conference (verbal review of findings) was held on October 18, 2010. Documentation is provided of formal correspondence (not including e-mail exchanges) dated:

- December 20, 2010 (Preliminary Audit Report)
- January 5, 2011 (CFCC Response)
- January 21, 2011 (Internal Memo of points of disagreement)
- February 17, 2011 (Audit Services Response after Further Review)
- April 20, 2011 (Final Audit Report)

All steps in the process of review of findings were followed by System Office and college staffs, as enumerated above. It is especially important, however, to note that as a result of Step #4, growing out of a meeting held at the System Office on April 20, 2011; 4,024.25 hours of curriculum instructional hours, valued at \$39,252.36 of state funds, were mitigated. This mitigation resulted in the college having to revert \$0 to the state.

The final audit letter of April 20, 2011 included but one "concern" noted for the processes, procedures, classes and programs reviewed. The concern surrounded the reporting of FTE hours for prison education classes and is explained in the correspondence of April 20, 2011.

The president of Cape Fear Community College is appealing the "concern". The request to appeal was communicated to the Executive Vice President in an e-mail exchange. The president has requested that the concern be retracted.

Persons Responsible:

Kennon D. Briggs
Executive Vice President & Chief of Staff

Elizabeth C. Self
Executive Director of Audit Services