February 9, 2015

Dr. Kerry L. Youngblood, President
Carteret Community College
3505 Arendell Street
Morehead City, NC 28557

Dear Dr. Youngblood:

Enclosed is the final audit report of a finding from the education program audit conducted fiscal year 2014-2015 at Carteret Community College pursuant to North Carolina General Statute 115D-5(m). The college response dated February 9, 2015, concurred with this finding. Therefore, a Curriculum final audit exception with one finding was noted for the processes, procedures, classes, and programs reviewed.

For tracking purposes, please send an email to gardnerm@nccommunitycolleges.edu upon receipt of this report to confirm the report has been received.

Thank you for cooperating with the North Carolina Community College System (NCCCS) Audit Services staff during the performance of the audit.

Sincerely,

Jennifer Haygood
Executive Vice President/Chief Financial Officer

Enclosure

c: Mitchell Mangum, Chair, Carteret CC Board of Trustees
    Elizabeth Self, Executive Director, NCCCS Audit Services

ec: Beth Wood, NC State Auditor
North Carolina Community College System

Final Audit Report for Carteret Community College
Audit Conducted: Fiscal Year 2014-2015
Records Reviewed: Spring Semester 2013-Spring Semester 2014

AUDIT METHODOLOGY

An education program audit was conducted at Carteret Community College by the North Carolina Community College System (NCCCS) Audit Services staff on the maintenance of records and the reporting of student membership hours as well as certain college procedures for Spring Semester 2013 through Spring Semester 2014. 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 (SBCC). The request to appeal and grounds for appealing the report findings 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 State Board.

The major components of the annual education program audits to be conducted during the 2014-2015 fiscal year are outlined in Numbered Memorandum CC14-030, Program Audit Procedures FY 2014-2015. The scope of the program audit review includes, but is not limited to, the major components noted in CC14-030. Based on the various audit reviews conducted as outlined in CC14-030, additional information may be requested for clarification or to provide a clearly defined audit trail to ensure compliance with North Carolina General Statute 115D-5 and the State Board of Community Colleges Code (formerly the North Carolina Administrative Code).

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 is notified.

FINDINGS SUMMARY

Based on the site review, a Curriculum final audit exception with one finding was noted and is discussed on the pages that follow.
FINAL AUDIT FINDINGS

CURRICULUM EXCEPTION

In a review of the Curriculum records, the following finding was identified. The related class included in the finding is listed in the Summary of Audit Findings for Education Program Audit, Attachment A.

Finding One: In conducting the review of the Curriculum sample of records pulled for review from Spring Semester 2014, it was noted that for DMA 020 6C, Developmental Math, one student was enrolled in the 20-hour class, but 69,365 class hours were reported for budget/FTE on the college’s ICR. This resulted in the over-reporting of 69,345 class hours.

Reference

1G SBCCC 200.93 Reporting of Student Hours in Membership for Curriculum Classes, states:

(b) Regularly Scheduled Classes.
   (1) A class is regularly scheduled if it meets all of the following criteria:
       (A) assigned definite beginning and ending time;
       (B) specific days the class meets is predetermined;
       (C) specific schedule is included on the Institution Master Schedule or
           other official college documents;
       (D) class hours are assigned consistent with college catalog and
           curriculum standard requirements; and
       (E) identified class time and dates are the same for all students
           registered for the class excluding clinical or cooperative work experience;
           (i) Classes which have a regularly scheduled lecture section
               and a non-regularly scheduled laboratory section shall satisfy this
               criteria. The census date (10% point) shall be determined from the
               regularly scheduled portion of the class. Verification of student
               participation in the laboratory section of the class shall be available
               for review.
           (ii) A student shall be considered absent if that student did not
               attend during the specified times or days the class was scheduled to
               meet.
   (2) A student shall be considered to be in class membership when the student
       meets all of the following criteria:
       (A) enrolled as evidenced by payment of the applicable tuition and
           fees, or obtained a waiver as defined in G.S. 115D 5(b);
       (B) attended one or more classes prior to or on the 10 percent point in
           the class;
       (C) has not withdrawn or dropped the class prior to or on the 10
           percent point.
   (3) Definition of a 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 provide sufficient time between classes to accommodate students changing classes. A college shall not report more hours per student than the number of class hours scheduled in the approved curriculum program of study compliance document.

(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 for the semester as stated in the college catalog and the approved curriculum program of study compliance document (see 1D SBCCC 400.97(4)).

(5) Maintenance of Records of Student Membership Hours. Accurate attendance records shall be maintained for each class through the 10 percent point of the 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 (see the Public Records Retention & Disposition Schedule for Institutions in the Community College System). Student membership hours shall be summarized in the Institution's Class Report and certified by the president or designee. For classes identified as non-traditional delivery (see Subparagraph (c)(1) of this Rule), documentation of student contact prior to the 10 percent point shall be maintained in the same manner as the attendance records mentioned in this Rule.

**Recommendation:** A final audit exception is taken to 69,345 class hours reported for budget/FTE for a Curriculum class which did not meet reporting criteria outlined in the North Carolina General Statutes and Title 1 of the State Board of Community Colleges Code. Staff should take the necessary steps to familiarize themselves with the aforementioned reference to ensure the appropriate number of class hours are reported for budget/FTE.

Staff should review all class attendance records with hours reported for budget/FTE since Spring Semester 2014 and make any necessary adjustments per the three semester grace period.

**Total Curriculum Hours Cited:** 69,345

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

**SUBMITTED BY:**   Terry McCauley  
**AUDIT DATES:**   December 4, 2014-January 15, 2015
## SUMMARY OF AUDIT FINDINGS FOR EDUCATION PROGRAM AUDIT

### ATTACHMENT A - FINAL

### COLLEGE:
CARTERET COMMUNITY COLLEGE

### CURRICULUM HOURS EXCEPTED

<table>
<thead>
<tr>
<th>Curriculum Finding</th>
<th>Course #</th>
<th>Semester</th>
<th>Original Hours Reported</th>
<th>Tier 2 Over-reported Hours Excepted (to be Subtracted)</th>
<th>Tier 2 Under-reported Hours Excepted (to be Added)</th>
<th>Tier 2 Total Hours Expected</th>
<th>Correct Hours for Reporting</th>
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<td>One</td>
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<td>Spring 2014</td>
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<td>20.00</td>
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<tr>
<td>Totals</td>
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<td></td>
<td>69,365.00</td>
<td>69,345.00</td>
<td>-</td>
<td>69,345.00</td>
<td>20.00</td>
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</table>

**TOTAL CURRICULUM HOURS EXCEPTED:** 69,345.00
ATTACHMENT B
Carteret Community College
FTE Reversion Summary
Audit Conducted: FY 2014-2015

CURRICULUM: A total of 69,345.00 Curriculum hours were cited that require a financial adjustment.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Hours</th>
<th>Divisor</th>
<th>Curriculum FTE</th>
<th>Curriculum Value</th>
<th>Curriculum Reversion (Rounded)</th>
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</table>

TOTAL CURRICULUM TIER 1A, 1B & 2 | $664,625.75 | $664,626.00

TOTAL FTE REVERSION *

<p>| | |</p>
<table>
<thead>
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<th></th>
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</thead>
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<td>Curriculum Reversion</td>
<td>$664,626.00</td>
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<tr>
<td>Continuing Education Reversion</td>
<td>.00</td>
</tr>
<tr>
<td>Literacy (Basic Skills) Reversion</td>
<td>.00</td>
</tr>
<tr>
<td><strong>TOTAL REVERSION</strong></td>
<td><strong>$664,626.00</strong></td>
</tr>
</tbody>
</table>

*Due to the amount of the required reversion of funds, please contact NCCCS College Accounting and Operations to discuss installments for the reversion. The college is granted flexibility in determining the amount of installments paid as long as the full amount is paid in full by June 30, 2017. Brian Bridgers, Director of State Aid Funds, can be reached at bridgersb@nccommunitycolleges.edu or telephone (919) 807-7070, and/or Renee Gleaton, Associate Director State Aid Funds, can be reached at gleatonr@nccommunitycolleges.edu or telephone (919) 807-7079. The audit exception reversion will be posted to decrease the college’s available budget according to the agreed upon terms.