



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

R. Scott Ralls, Ph.D.

President

August 5, 2014

Dr. William Ingram, President
Durham Technical Community College
1637 Lawson Street
Durham, NC 27703

Dear Dr. Ingram:

Enclosed is the final audit report of a finding from the education program audit conducted fiscal year 2013-2014 at Durham Technical Community College pursuant to North Carolina General Statute 115D-5(m). The college response dated July 29, 2014, concurred with the findings. Therefore, a Continuing Education concern with three findings 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 for Operations
Chief Financial Officer

Enclosure

c: The Honorable MaryAnn E. Black, Chair, Durham TCC 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 Durham Technical Community College Audit Conducted: Fiscal Year 2013-2014 Records Reviewed: Spring Semester 2012-Spring Semester 2013

AUDIT METHODOLOGY

An education program audit was conducted at Durham Technical 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 2012 through Spring Semester 2013. 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 2013-2014 fiscal year are outlined in Numbered Memorandum CC13-018, *Program Audit Procedures FY 2013-2014*. The scope of the program audit review includes, but is not limited to, the major components noted in CC13-018. Based on the various audit reviews conducted as outlined in CC13-018, 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. Program reviews/class visits conducted for the current fiscal year are listed in Attachment I, Summary of Class Visits Conducted FY 2013-2014.

FINDINGS SUMMARY

Based on the site review, a Continuing Education concern with three findings was noted and is discussed on the pages that follow.

FINAL AUDIT FINDINGS

CONTINUING EDUCATION CONCERN

In a review of Continuing Education records, the following concern with three findings was identified.

Finding One: In a review of Continuing Education course offerings, it was found that class hours were incorrectly reported for budget/FTE when students were inappropriately fee waived in several classes. Reporting errors included a senior citizen fee waiver given to a student who was not 65 years of age; no documentation of agency affiliation for students who were fee waived in a HAZ class; and no documentation that students who were fee waived for HRD classes met at least one of the eligibility criteria in Human Resources Development (HRD) classes.

References

N.C.G.S. 115D. Community Colleges. Article 1. General Provisions for State Administration, states:

§ 115D-5. Administration of institutions by State Board of Community Colleges; personnel exempt from North Carolina Human Resources Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.

(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

- (1) Persons not enrolled in elementary or secondary schools taking courses leading to a high school diploma or equivalent certificate.
- (2) Courses requested by the following entities that support the organizations' training needs and are on a specialized course list approved by the State Board of Community Colleges:
 - a. Volunteer fire departments.
 - b. Municipal, county, or State fire departments.
 - c. Volunteer EMS or rescue and lifesaving departments.
 - d. Municipal, county, or State EMS or rescue and lifesaving departments.

- d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving a lake authority that was created by a county board of commissioners prior to July 1, 2012.
 - e. Radio Emergency Associated Communications Teams (REACT) under contract to a county as an emergency response agency.
 - f. Municipal, county, or State law enforcement agencies.
 - g. The Division of Adult Correction of the Department of Public Safety for the training of full-time custodial employees and employees of the Division's Section of Community Corrections required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.
 - h. The Division of Juvenile Justice of the Department of Public Safety for the training of employees required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.
 - i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or rescue and lifesaving tribal government departments or programs...
- (11) Up to six hours of credit instruction and one course of noncredit instruction per academic semester for senior citizens age 65 or older who are qualified as legal residents of North Carolina. [Note: Repealed by Session Laws 2013-360, s. 10.6, effective July 1, 2013.]

1G SBCCC 200.94 Reporting of Student Hours in Membership for Continuing Education Classes, states:

- (a) Regularly Scheduled Classes.
 - (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 1E SBCCC 400.99.
 - (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....
- (b) Non-Regularly Scheduled Classes.
 - (2) Definition of Student Membership. A student is considered to be in class membership when the student meets 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 1E SBCCC 400.99; and
 - (B) Attended one or more classes.

1E SBCCC 800.98 Fees for Extension Programs, states:

(a) Registration fees for Non-Curriculum Extension Instruction. For purposes of administration of this Rule, non-curriculum extension instruction means all instruction organized, supervised, or delivered outside the regular curriculum programs offered by the college.

- (1) A registration fee, as established by the State Board, as set by the Legislature shall be charged for each occupational extension class.
- (2) Each local board shall establish registration fees for Community Service Programs.
- (3) All recreational courses shall be self-supporting. Colleges shall collect and deposit to a local account fees and other contributions to support entirely the costs of all recreational extension courses taught. Also note Paragraph (e) of Rule .0325 of this Subchapter regarding the reporting of student membership hours for this area.
- (4) Registration Fee Waivers:
 - (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).
 - (B) College Staff Members. Full-time college staff members employed for a 9, 10, 11, or 12 month term may enroll in one extension or curriculum course per semester in the system without registration fee or tuition charges.
 - (C) Individuals meeting the criteria set forth in G.S. 115B-2 shall not be charged registration fees.
 - (D) Prison inmates shall not be charged registration fees.
 - (E) Elementary and secondary school teachers who take CPR or first aid classes shall not be charged registration fees.
 - (F) Members of the North Carolina Civil Air Patrol and individuals engaged in civil preparedness who take special extension training courses that directly relate to their job performance shall not be charged registration fees.

1E SBCCC 800.99 Fee Waivers for the Human Resources Development Program, states:

(a) Tuition and fees for enrollment in courses coded in the Master Course List as Human Resources Development shall be waived if the student enrolling meets at least one of the following criteria:

- (1) Is unemployed;
- (2) Has received notification of a pending layoff;
- (3) Is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or

- (4) Is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.

Courses included in the Master Course List shall address the six core components set forth in Subparagraph (2)(f) of Rule 02E .0101.

- (b) Students for whom tuition and fees are waived shall sign a form adopted by the State Board of Community Colleges verifying that they meet one of these criteria.

Note: Numbered Memorandum CC13-020, *Tuition and Registration Fee Waiver Reference Guide – Version 2.0*, states in pertinent part, “The Tuition and Registration Fee Waiver Reference Guide provides information on the statutorily authorized groups/organizations and types of education and training eligible for waivers. This document was assembled in consultation with System Office programmatic staff to provide guidance on the appropriate application of tuition and registration fee waivers authorized by the General Assembly. **Colleges should consult this document to ensure that waivers are applied appropriately and reported consistently.** This document is updated as legislative and State Board changes occur and as issues are identified that need further clarification.” In particular, the elimination of the Senior Citizen fee waiver as of July 1, 2013 was included in Version 2 of the Guide.

Finding Two: In a review of Continuing Education course offerings, it was found that for two classes reviewed class hours were incorrectly reported for budget/FTE when the paid instructional hours were less than the class hours reported per student.

References

1G SBCCC 200.94 Reporting of Student Hours in Membership for Continuing Education Classes, states:

- (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. Colleges shall not report more hours per student than the number of hours specified in the instructor's contract.

1G SBCCC 100.99 Budget FTE Funding, states:

- (a) All student membership hours generated by the college for a given class shall be counted for budget FTE purposes provided 100 percent of the instructional cost is paid from college funds (funds budgeted through the college's budget including State Current, County Current, or College Funds). These provisions apply to all instructional contracts which generate budget FTE including Basic Skills classes. For

purpose of this Rule, instructional cost includes the salary of the instructor(s) as well as fringe benefits, supplies, materials, and travel paid from college funds. College-sponsored instruction shall not supplant existing training which may take place without the college's involvement. Following are Rule applications:

- (1) A company or entity may reimburse the college for a given class up to 50 percent of the instructional cost. The student hours in membership generated in the class may be reported for budget FTE. If the college is reimbursed for more than 50 percent of the instructional cost for a given class, student hours in membership reported for the class shall be prorated in the same proportion as the college funding. If the college is reimbursed for 100 percent of the instructional cost, the class would be gratis [see Paragraph (b) of this Rule] and no budget FTE would be generated.
- (2) In cases where a company or entity donates funds to a college with no expectation for instruction in return, these funds shall be treated as college funds and may be used to generate budget FTE.
- (3) The community college shall not contract with a company or entity to provide training to its current employees.

(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.

Finding Three: In a review of Continuing Education course offerings, it was found that for several regularly scheduled classes reviewed class hours were incorrectly reported for budget/FTE when either the number of students in attendance prior to or on the 10 percent point of the classes was miscalculated or the applicable registration fees had not been remitted.

Reference

1G SBCCC 200.94 Reporting of Student Hours in Membership for Continuing Education Classes, states:

- (a) Regularly Scheduled Classes.
 - (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 1E SBCCC 400.99.
 - (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.

Recommendation: College 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 Semester 2012 and make any necessary adjustment of previously reported class hours as allowed per the three semester grace period.

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

SUBMITTED BY: Anne O. Miller, Auditor
AUDIT DATES: April 27 – May 22, 2014

ATTACHMENT I

Durham Technical Community College Summary of Class Visits Conducted FY 2013-2014

CURRICULUM

| Course Prefix and Number | Section | Instructor | Location | Date of Visit | Students Enrolled | Attendance at Time of Visit | Notes if Applicable. |
|---|---------|------------|----------------------|---------------|-------------------|-----------------------------|----------------------|
| ART 240 | 760 | T. Postell | Orange County Campus | 4/29/14 | 18 | 8 | |
| COM 231 | 104 | J. Moldoff | Main Campus | 4/29/14 | 20 | 20 | |
| LEX 286 | 001B | L. George | Main Campus | 4/29/14 | 9 | 7 | |
| Total Curriculum Class Visits/Program Reviews to Date: 3 | | | | | | | |

CONTINUING EDUCATION AND LITERACY

| Course Prefix and Number | Section | Instructor | Location | Date of Visit | Students Enrolled | Attendance at Time of Visit | Notes if Applicable. |
|--|---------|---------------|------------------------|---------------|-------------------|-----------------------------|----------------------|
| BSP 2000 | 41310 | H. Hinshaw | Main Campus | 5/20/14 | 11 | 6 | |
| BTC 3401G | 40157 | D. Spragion | Northern Durham Center | 5/22/14 | 10 | 7 | |
| CAR 3112A | 40231 | G. Sharpe | Main Campus | 4/29/14 | 10 | 1 | |
| COS 3102A | 37250 | M. Watkins | Northern Durham Center | 5/22/14 | 9 | 7 | |
| HEA 3002A | 41051 | J. Willingham | Online – Sakai | 5/19/14 | 11 | - | |
| HRD 3001C | 40009 | S. M. Komives | Main Campus | 4/29/14 | 19 | 12 | |
| HRD 3004R | 40627 | K. Berger | Main Campus | 4/29/14 | 23 | - | *1 |
| NUR 3290C | 41071 | B. Williams | Northgate Mall | 5/19/14 | 12 | 12 | |
| PHO 3001B | 40022 | M. Dellerman | Orange County Campus | 4/29/14 | 10 | - | *2 |
| RLS 3700A | 40928 | V. Harrington | Main Campus | 5/20/14 | 35 | 22 | |
| *1 – Class was not meeting. Staff stated that the class has a varied scheduled and was not scheduled to meet at that time. | | | | | | | |
| *2 – Staff stated that the class was on an approved field trip off-site, and seven students were present that day. | | | | | | | |
| Total Continuing Education Class and Literacy Visits/Program Reviews to Date: 10 | | | | | | | |