2016 Continuing Education Leadership Institute
Hilton North Raleigh in Raleigh, NC

Now and the Future
March 21-22, 2016
Compliance Services

• 2015 Appropriations Act
  – Restore recurring funds for Compliance Services (formerly Audit Services)
  – Amends G.S. 115D to incorporate statutory changes recommended by the Program Audit Study Committee
   • Changes frequency
   • Purpose: Accuracy of data used for allocation of funds and charging/waiving tuition and registration fees consistent with law

March 16, 2016
What are We Trying to Accomplish?

• A revised accountability system that:
  – Promotes the credibility of our System’s formula budget requests to the General Assembly
  – Ensures the fair allocation of State resources among the 58 institutions
  – Supports the System Office and colleges working in partnership to productively identify ways to improve compliance
Core Principles

Integrity    Fairness    Consistency
What’s New

• New approach that will continue to evolve over the next few years
• Change to biannual reviews, except in cases of material findings
• Compliance reviews conducted on-site
• Suspend financial reversions for error-related findings, except for excessive circumstances until there is a clear definition of materiality
• Opportunities for communication and coaching on documentation expectations
What’s New

• Coaching colleges on areas of potential risk through sharing information on trends in compliance review findings and use of mitigating controls.
• Management letters replaced by coaching letters
• “Concerns” no longer written in reports
What’s New

**Class Visits.** Compliance reviews only include class visits under two circumstances:

- Upon the request of the college president regarding a compliance review-related issue or
- As part of a compliance review following up on material findings identified in a previous review.
What’s on the Horizon

• Simplified and clear State Board rules.
  – Phase 1
  – Phase 2
• Revised accountability process.
• On-going training and coaching for colleges.
What’s on the Horizon

• Period of Review

• Finalizing the methodology for pulling a statistically-valid, risk-based sample; and

• Appointing of the Compliance Review Advisory Committee.
Recent Activities

- Memo CC15-036: Compliance Services Update and 2015-16 Procedures
- Memo CC15-037: Public Safety Waivers: Compliance Elements for Proof of Eligibility
- Memo CC15-038: Tuition and Registration Fee Waiver Reference Guide – FY 2015-17
- Completed initial compliance reviews
- Developed draft of near-term FTE rule changes

March 16, 2016
Winter/Spring Activities

• Continue compliance reviews
• Vet and adopt Phase 1 FTE rule changes
• Continue development of Phase 2 FTE rule changes
• Establish Compliance Review Advisory Committee
• Contract for external expertise on sampling and materiality
Discussion....