August 3, 2016

Dr. Donna Tipton-Rogers, President
Tri-County Community College
21 Campus Circle
Murphy, North Carolina 28906

Dear Dr. Tipton-Rogers:

Enclosed is the final report of findings from the Compliance Review conducted fiscal year 2015-2016 at Tri-County Community College pursuant to North Carolina General Statute 115D-5(m). The college response dated July 21, 2016, concurred with this finding. Therefore, a material finding was noted in the area of Literacy/Basic Skills for the processes, procedures, classes, and programs reviewed.

For tracking purposes, please send an email to wardt@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) Compliance Services staff during the performance of the Compliance Review.

Sincerely,

Bryan W. Jenkins, CPA
Executive Director of Accountability & State Board Affairs

Attachment

c: Larry Kernea, Chair, Tri-County CC Board of Trustees
Beth Wood, NC State Auditor
Jennifer Haygood, Executive Vice President & Chief Financial Officer
Elizabeth C. Self, Director of Accountability & Compliance Training
Anne O. Miller, Compliance Examiner
North Carolina Community College System

Compliance Review Final Report for Tri-County Community College
Review Conducted: Fiscal Year 2015-2016
Records Reviewed: Reporting Period 2014-2015

METHODOLOGY

A compliance review was conducted at Tri-County Community College by the North Carolina Community College System (NCCCS) Compliance Services staff to ensure the data used to allocate State funds across community colleges were reported accurately for the 2014-2015 reporting period. The review was conducted on a selected sample of the data relevant to this period.

If disagreement exists, the college may appeal the Compliance Review 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 Compliance Review Final 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 Compliance Review to be conducted during fiscal year 2015-2016 are outlined in Numbered Memorandum CC15-036 Compliance Services Update and Review Procedures. The scope of the Compliance Review includes, but is not limited to, the major components noted in CC15-036. Based on the various reviews conducted as outlined in CC15-036, additional information may be requested for clarification or to provide a clearly defined way to ensure compliance with North Carolina General Statute § 115D-5 and Title 1 of the State Board of Community Colleges Code.

FINDINGS SUMMARY

Based on the site review, a material finding was noted in the area of Literacy/Basic Skills and is discussed on the pages that follow.
FINAL COMPLIANCE REVIEW FINDINGS
LITERACY/BASIC SKILLS

In the review of the Literacy/Basic Skills records, the following findings were identified. The related classes included in the finding are listed in the Summary of Findings of the Compliance Review, Attachment A.

FINDING: Reporting Literacy/Basic Skills Class Hours for Budget FTE
In a review of Literacy/Basic Skills classes offered Summer Semester 2014, it was found that two classes were reported twice for regular budget FTE. Literacy/Basic Skills class Section Number 13742 was reported as BSP 2000 IOI04 and as ABE 2000 IOI04 with 496 student contact hours reported for both class sections. Literacy/Basic Skills class Section Number 13022 was reported as BSP 2000 LAB01 and GED 2000 LAB01 with 404 student contact hours reported for both class sections. In discussions with college staff, it was noted that the Institutional Class Report (ICR) for Summer Semester 2014 was submitted twice to the North Carolina Community College System Office (NCCCSO). The duplicate classes were on the final report submitted, but not the first report submitted.

REFERENCE
1G SBCCC 200.94 Reporting of Student Hours in Membership for Continuing Education Classes
See Appendix I, References.

RECOMMENDATION: College staff should make certain internal controls are in place to ensure Literacy/Basic Skills courses are set up and reported correctly, and the correct number of student contact hours are reported for classes per the reference in Title 1 of the State Board of Community Colleges Code listed in Appendix I. As needed, staff should consult with the college internal staff as well as NCCCSO IT staff to ensure class hours are reported accurately.

Total Literacy/Basic Skills Hours Cited: 900

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

Submitted By: Anne O. Miller, Compliance Examiner
Dates of Compliance Review: March 29-April 19, 2016
Tri-County Community College
APPENDIX I
Reference

Literacy/Basic Skills

1G SBCCC 200.94 Reporting of Student Hours in Membership for Continuing Education Courses

(b) Non-Regularly Scheduled Classes.

(1) Definition of Non-Regularly Scheduled Class. A non-regularly scheduled class may include any or all of the following:

(A) A class where a definitive beginning and ending time is not determined;

(B) A class offered in a learning laboratory type setting (see Subparagraph (b)(6) of this Rule for definition of learning laboratory);

(C) A self-paced class where the student progresses through the instructional materials at the student's own pace, and can complete the courses as soon as the student has successfully met the educational objectives. Classes offered as independent study are generally offered in this manner;

(D) A class in which a student may enroll during the initial college registration period or in which a student may be permitted to enroll at any time during the semester; or

(E) Any class not meeting all criteria for a regularly scheduled class as shown in Subparagraph (a)(1) of this Rule, is considered to be a non-regularly scheduled class for reporting purposes. Note classes defined as non-traditional (see Paragraph (c) of this Rule) which are identified as a separate student hour reporting category are not subject to the provisions in Paragraph (b) of this Rule.

(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.

(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.

(4) Calculation of Student Contact Hours for Non-Regularly Scheduled Classes. For these classes, actual time of class attendance for each student determined to be in membership shall be reported. Sixty minutes shall constitute an hour. Student contact hours for these classes are the sum of all the hours of actual student attendance in a class in a given semester.

(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.
<table>
<thead>
<tr>
<th>Literacy Material 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 Excepted</th>
<th>Correct Hours for Reporting</th>
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<tbody>
<tr>
<td>One</td>
<td>ABE 2000 IOI04 13742</td>
<td>Summer 2014</td>
<td>496.00</td>
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<td>496.00</td>
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<tr>
<td>Classes reported twice on ICR for Summer Semester 2014.</td>
<td>GED 2000 LAB01 13022</td>
<td>Summer 2014</td>
<td>404.00</td>
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<td>404.00</td>
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<td>Totals</td>
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<tr>
<td>TOTAL LITERACY</td>
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<td></td>
<td></td>
<td></td>
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<td>900.00</td>
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<td>MATERIAL FINDING CLASS HOURS:</td>
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ATTACHMENT B
Tri-County Community College
FTE Reversion Summary
Audit Conducted: FY 2015-2016

**LITERACY (BASIC SKILLS):** A total of 900 Literacy/Basic Skills hours were cited that require a financial adjustment.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Hours</th>
<th>Divisor</th>
<th>Literacy FTE</th>
<th>Literacy Value</th>
<th>Literacy Reversion</th>
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<td>2</td>
<td>900</td>
<td>688</td>
<td>1.31</td>
<td>$4,944.03</td>
<td>$6,476.68</td>
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**TOTAL LITERACY (BASIC SKILLS) TIER 2**

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<th>Curriculum Reversion</th>
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</thead>
<tbody>
<tr>
<td>Continuing Education Reversion</td>
<td>0.00</td>
</tr>
<tr>
<td>Literacy (Basic Skills) Reversion</td>
<td>$6,477.00</td>
</tr>
</tbody>
</table>

**TOTAL REVERSION**

| $6,477.00 |

*This material finding FTE reversion has been posted to decrease the college’s available budget by $6,477.00. This material finding reversion must be posted to the college budget prior to submitting next month’s files.*