August 28, 2014

Dr. Brenda S. Kays, President
Stanly Community College
141 College Drive
Albemarle, NC 28001

Dear Dr. Kays:

Enclosed is the final audit report of findings from the education program audit conducted fiscal year 2013-2014 at Stanly Community College pursuant to North Carolina General Statute 115D-5(m). The college response dated August 14, 2014, concurred with these findings. Therefore, a Continuing Education final concern with two findings is noted for the processes, procedures, classes, and programs reviewed.

For tracking purposes, please send an email to gardnern@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:  Nadine B. Bowers, Chair, Stanly 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 Stanly 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 Stanly 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 two 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 area of concern was identified.

Finding One: In conducting the review of Continuing Education attendance records, it was found for a regularly scheduled class and a non-regularly scheduled class reviewed that hours held were changed after the classes began, resulting in a required higher registration fee for the classes. The higher registration fee was neither charged to the students enrolled nor received by the college.

References

1E SBCCC 400.99 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.

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

(a) Regularly Scheduled Classes.

   (1) Definition of Regularly Scheduled Class. A class is considered to be regularly scheduled if it meets all of the following criteria:

      (A) Assigned definite beginning and ending time;
      (B) Specific predetermined days and time the class meets;
      (C) Specific schedule is included on the Institution Master Schedule or other official college documents;
      (D) Class hours are assigned consistent with State Board approval and official college documents; and
      (E) Identified class time and dates are the same for all students registered for the class excluding clinical or work experience:

         (i) Classes which have a regularly scheduled lecture section and a non-regularly scheduled laboratory section will satisfy the 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; or
(ii) A student is considered absent if that student did not attend during the specified times or days the class was scheduled to meet.

(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.
(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.
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 which student membership hours were reported 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.

Finding Two: In a review of the Continuing Education sample of class attendance records, it was found that for the majority of CAS 3000 class rosters reviewed with hours reported for budget/FTE, there was a $325.00 lab fee charged to enrolled students when there was no documentation provided to show the fee was approved by the local board of trustees.

Reference

1E SBCCC 700.99 Authority to Establish Tuition and Fees, states:

(a) Authority to Charge. All tuition and registration fees charged to students for applying to or attending any college of the system shall be approved by the State Board. No tuition rate or fee schedule shall be charged without resolution of the State Board specifying the purpose for which the fee is charged.

(b) Time Due and Deferred Payment. Tuition, registration fees and required academic fees are due and payable at the time of the student's registration. The college shall, with approval of the board of trustees, prescribe written procedures to permit short-term deferred payment or payment in installments; provided, however, that no student shall be permitted to graduate or to register for a new semester unless payment of such outstanding balance has been guaranteed in writing by a financially responsible person or organization. Colleges are authorized to withhold transcripts of grades pending resolution of the outstanding obligations. This statement shall not be construed to prohibit a college's local governing board from adding more stringent provisions.

(c) Establishing Optional Fees. Optional fees are fees charged to curriculum and continuing education students for items not covered by tuition and registration fees. Funds derived from optional fees shall be deposited in the institutional account and shall be used to directly benefit students. The president shall report any optional fee established by the board of trustees to the System Office's Business and Finance Division on an annual basis. Boards of trustees may establish on an annual basis the following optional fees:

(1) Specific Fees. Fees charged to students for items required for individual courses that are considered to be in addition to normal supplies and material the college provides for students such as tools, uniforms, insurance, and certification fees;

(2) Student Activity Fee. A fee charged to students to support student activities. The student activity fee shall not exceed the maximum established by the State Board;
(3) Computer Use and Technology Fee. A fee charged to students to support the procurement, operations operation, and repair of computers and other instructional technology including supplies and materials that accompany use of the technology. This fee shall not exceed the maximum established by the State Board; and

(4) Parking Fee. A fee charged to a student for use of the college's parking facilities.

(d) Any optional fee established by a college is considered a separate charge to students and shall not be credited as part payment of tuition or registration fees.
(e) Receipts collected from any optional student fee shall be deposited as State Board regulation shall direct, consistent with state law.
(f) Nothing in any rule shall be construed to condone or to authorize any practice of depositing receipts from any student tuition or other student fees in a special fund account at a college, except optional fee receipts.
(g) Optional fee receipts shall not be used for any purpose other than that for which the fee was approved, e.g., computer equipment could not be purchased for staff members using optional fee receipts.
(h) All fees funds derived from optional fees shall be deposited into a proper college account and all disbursements shall be made by the college business office in accordance with polices adopted by the board of trustees.
(i) Specific Fees shall be approved by the college board of trustees. Such fees shall reflect the actual cost of items received by the student.
(j) Students shall be informed of all approximate fees for a course at the time they enroll. Such fees shall be kept to a minimum consistent with the State Board philosophy to keep student costs as low as possible.

Recommendation: College staff should take the necessary steps to familiarize themselves with the aforementioned reference to ensure the appropriate number of student membership hours are reported for budget/FTE. Staff should review all records for which student membership hours were reported 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:  Nicole J. Wood
AUDIT DATES:  June 5, 2014 – June 20, 2014
ATTACHMENT I

Stanly Community College
Summary of Class Visits Conducted FY 2013-2014

### CURRICULUM

<table>
<thead>
<tr>
<th>Course Prefix and Number</th>
<th>Section</th>
<th>Instructor</th>
<th>Location</th>
<th>Date of Visit</th>
<th>Students Enrolled</th>
<th>Attendance at Time of Visit</th>
<th>Notes if Applicable</th>
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<tr>
<td>COS 114BB</td>
<td>010</td>
<td>K. King</td>
<td>Cosmetology Center</td>
<td>6/30/14</td>
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<td>2</td>
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<td>CTS 120</td>
<td>900</td>
<td>J. Swaringen</td>
<td>Main Campus</td>
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<td>C. Callahan</td>
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<td>6/30/14</td>
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Total Curriculum Class Visits/Program Reviews to Date: 3

### CONTINUING EDUCATION AND LITERACY

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<th>Students Enrolled</th>
<th>Attendance at Time of Visit</th>
<th>Notes if Applicable</th>
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<tr>
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<td>3447</td>
<td>P. Burris</td>
<td>Stanly County ESC</td>
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<td>58</td>
<td>29</td>
<td>*2</td>
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<td>H. Furr</td>
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<tr>
<td>NUR 323502</td>
<td>203</td>
<td>D. Hartsell</td>
<td>Online</td>
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*1 – Class was cancelled due to low enrollment per college staff.
*2 – Half of the students were in attendance, as this was a non-regularly scheduled (contact) hour class.

Total Continuing Education Class and Literacy Visits/Program Reviews to Date: 10