May 1, 2015

Dr. Kay Albertson, President
Wayne Community College
Post Office Box 8002
Goldsboro, North Carolina 27533-8002

Dear Dr. Albertson:

Enclosed is the final audit report of the findings from the education program audit conducted fiscal year 2014-2015 at Wayne Community College pursuant to North Carolina General Statute 115D-5(m). The college response dated February 23, 2015, referenced a North Carolina Community College System (NCCCS) memorandum and numbered memorandum (CC11-025) in regard to the finding noted in the preliminary audit report. After a review of these sources in reference to the finding, it was concluded that there was no additional information provided from the North Carolina General Statutes or State Board of Community Colleges Code (formerly the North Carolina Administrative Code) that would negate the findings included in the preliminary audit report. The focus of the finding is that Customized Training Classes were reported on the college’s ICR as Occupational Extension Regular Budget (OERB) rather than Non-Regular Budget which resulted in the payment to the College of OERB funds as well as Customized Training Program (CTP) funds. Therefore, a Curriculum final audit exception with one finding and a Literacy/Basic Skills final concern with one finding remain 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:  Christy B. Mart, Chair, Wayne 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 Wayne 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 Wayne 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 Continuing Education final audit exception with one finding and a Literacy/Basic Skills final area of concern with one finding were noted and are discussed on the pages that follow.
FINAL AUDIT FINDINGS

CONTINUING EDUCATION EXCEPTION

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

Finding: In a review of the Continuing Education records, it was found that for the Customized Training Program (CTP) classes listed in Attachment A that class hours were reported as occupational extension classes for regular budget/FTE when CTP classes receive funding from a separate funding source. Since CTP classes fall under a category of classes which receives “categorical state allotments to colleges,” it was inappropriate for the classes to also be reported for regular budget/FTE and the college receive this additional state funding.

References

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.

(c) Categorical state allotments to colleges, except literacy and Human Resources Development, such as Small Business, Customized Training Programs, Community Service, and Block Grants do not earn budget/FTE and are not subject to the provisions of this Rule.

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.

1G SBCCC 200.98 Customized Training Program, states:

(a) Local colleges shall provide customized training programs for companies experiencing job growth, productivity enhancement needs, or creating technology investment to support the economic development of the State. Training programs for these companies shall be administered by the local college, with consultation and assistance from the department's System Office Economic Development staff. 
(b) State funds are appropriated to the North Carolina Community College System office in a separate line to support the Customized Training Program. These funds shall be used only to support companies experiencing job growth, productivity enhancement or technology investment.

Recommendation: A final audit exception is taken to 2,842 CTP class hours reported for regular budget/FTE for Continuing Education classes which did not meet reporting criteria outlined in Title 1 of the State Board of Community Colleges Code as noted above. 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 CTP class attendance records with class hours reported for budget/FTE since Fall Semester 2013 and make any necessary adjustment of class hours reported as allowed per the three semester grace period. Staff should also contact the Associate Vice President, Executive Division/Customized Training Program at the North Carolina Community College System Office for additional training regarding administering the Customized Training Program.

Total Continuing Education Hours Cited: 2,842
LITERACY/BASIC SKILLS CONCERN

In a review of Literacy/Basic Skills records, the following area of concern was identified.

Finding: In a review of Basic Skills/Literacy records, it was found that a High School Equivalency elective course coded as BSP 2000 was offered to captive co-opted students. The course was offered to inmate students at Wayne Correctional Institution, and hours were reported for budget/FTE (Tier Level Two) when the course was neither approved by the State Board nor met the criteria for Basic Skills Programs classification.

In regard to this finding, college staff had used the course BSP 2000 listed in the Combined Course Library and locally named it AHIS-CRC “CRC.” Based on documentation provided for audit review, the course was actually a Human Resources Development (HRD) Tier Level Three course, and the purpose of the course was for Career Readiness Certification (CRC) assessment and certification. The class should have been HRD 3004, HRD Career Readiness/Pathways.

References

1D SBCCC 700.98 Instruction to Captive or Co-Opted Groups, states:

(a) A college shall obtain State Board approval prior to providing instruction to students who are classified captive or co-opted. Captive or co-opted groups of students are defined as inmates in a correctional facility; clients of sheltered workshops, domiciliary care facilities, nursing facilities, mental retardation centers; substance abuse rehabilitation centers; and in-patients of psychiatric hospitals. Approval by the State Board of Community Colleges shall constitute approval of the curriculum program or occupational extension course(s) and the group to be served by the college.
(b) Instruction to captive or co-opted groups may be approved when the State Board determines that the proposed instruction for the group is not a function of the requesting agency, and the instruction is within the purpose of the community college.
(c) Instruction to captive or co-opted groups may be approved in the form of curriculum programs or courses and occupational extension courses. State Board of Community Colleges (SBCC) approved curricula for Captive or co-opted groups shall include changes in programs of study and SBCC approved occupational extension course modifications. Physical education or work experience may not be a part of a curriculum program in a correctional setting.
(d) Policies governing student enrollment in curriculum programs or courses and occupational extension courses shall be consistent with general college policies.
1D SBCCC 200.3 Program Classification, states:

The following criteria are used for classifying the programs offered in the North Carolina Community College System....

(2) Continuing Education Programs:

(a) Occupational Extension courses consist of single courses, each complete in itself, designed for the specific purposes of training an individual for full- or part-time employment, upgrading the skills of persons presently employed, and retraining others for new employment in occupational fields.

(b) Community Service:

(i) Community Service courses consist of single courses, each complete in itself, that focus on an individual’s personal or leisure needs rather than occupational or professional employment.

(ii) The cultural and civic, and visiting artist component of this program meets community needs through lecture and concert series, art shows, the use of college facilities by community groups, providing speakers to community organizations, and providing visiting artist activities for college communities. Visiting artists may be provided an opportunity to work as artists in residence to enhance local arts resources and promote the various visual, performing and literary arts in communities throughout North Carolina.

(c) Self-Supporting Programs:

(i) A self-supporting course is not reported to the state for budget FTE since the cost of conducting the course is paid by students enrolled.

(ii) Recreational programs are self-supporting courses which the college may provide at the request of the community but for which the college receives no budgetary credit. Funds appropriated as operating expenses for allocation to the colleges shall not be used to support recreation courses. The financing of these courses by a college shall be on a self-supporting basis, and membership hours produced from these activities shall not be counted when computing full-time equivalent students for use in budget-funding formulas at the state level.

(d) Basic Skills Programs. The State Board and the community college system shall encourage persons to complete high school rather than seek testing for the High School Diploma Equivalency.

(i) High School Equivalency programs consist of classroom instruction, learning laboratory courses, or a combination of activities designed to qualify a student for an adult high school diploma. An Agreement of Affiliation with a local public school
system is required for minors sixteen or seventeen years old. No agreement is required for adults eighteen years old and older.

(ii) General Educational Development (GED) testing programs consist of classroom instruction, or learning laboratory courses, or a combination of both designed to qualify a student to demonstrate competency on the General Educational Development (GED) tests and to receive a High School Diploma equivalency from the State Board. The State Board is responsible for the administration of the General Educational Development testing program in cooperation with the Office on Educational Credit of the American Council on Education. The procedures regulating the GED Testing Program set forth in the GED Examiner’s Manual published by the General Educational Development Testing Service of the American Council on Education are hereby incorporated by reference. A copy of this manual is available for inspection in the Office of the System President, Community College System Office, 200 W. Jones Street, Raleigh NC 27603-1379. A copy of this manual may be obtained at a cost of fifteen dollars ($15.00) from the GED Testing Service of the American Council on Education, One DuPont Circle NW, Suite 250, Washington, DC 20036-1163.

(iii) The Adult Basic Education (ABE) program is designed for adults who are functioning at or below the eighth grade educational level. The major objectives of the program are to enable adults to acquire the basic educational skills necessary to be fully competent in our society, to improve their ability to benefit from occupational training and to have greater opportunities for more productive and profitable employment, and to meet their own objectives for enrolling in the program. Classes are offered and focus on fundamental skills such as reading, writing, speaking, computing, critical thinking, and problem solving.

(iv) The English as a Second Language (ESL) program offers classes which accommodate the varied needs of the immigrant and refugee populations. Attention is given to both the cultural and linguistic needs as instruction is focused upon the formation of accurate, appropriate communication skills and upon the student’s ability to function in the adult American community. Classes are offered at the beginning through the advanced levels of ESL. The curriculum is designed to develop the basic language skills of reading, writing, speaking, and listening. Instruction integrates the English language with topics that prepare students for everyday life, employment, and citizenship.

(v) The Compensatory Education (CED) program is designed for adults with mental retardation. The program is highly
individualized and fosters a maximum level of independent living commensurate with personal ability. Instruction is offered in math, language, social science, health, community living, consumer education and vocational education.

(e) Customized Training Program.
(i) The Customized Training Program addresses company-specific training customized for job growth, technology investment, or productivity enhancement. Based on needs specified in G.S. 115D-5.1, Customized Training Programs shall address job-specific training.
(ii) The Small Business Center program provides training, counseling and referral services especially designed in content and delivery modes for small businesses, both existing and prospective.

(f) The Human Resources Development (HRD) program provides skill assessment services, employability skills training, and career development counseling to unemployed and underemployed adults. These courses shall address six core components as follows:
(i) assessment of an individual's assets and limitations;
(ii) development of a positive self-concept;
(iii) development of employability skills;
(iv) development of communication skills;
(v) development of problem-solving skills; and
(vi) awareness of the impact of information technology in the workplace.

(g) The Learning Laboratory programs consist of self-instruction using programmed texts, audio visual equipment, and other self-instructional materials. A learning laboratory coordinator has the function of bringing the instructional media and the student together on the basis of objective and subjective evaluation and of counseling, supervising, and encouraging persons working in the lab.

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 2013 and make any necessary adjustments 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: Nina Taylor
AUDIT DATES: November 24-December 12, 2014
ATTACHMENT B
Wayne Community College
FTE Reversion Summary
Audit Conducted: FY 2014-2015

CONTINUING EDUCATION: A total of 2,842.00 Continuing Education hours were cited that require a financial adjustment.

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TOTAL CONTINUING EDUCATION TIER 1A, 1B, 2 & 3 $18,271.00

TOTAL FTE REVERSION *

| Continuing Education Reversion | $18,271.00 |
| Curriculum Reversion           | $.00        |
| Literacy (Basic Skills) Reversion | .00        |

TOTAL REVERSION $18,271.00

*This audit exception has been posted to decrease the college's available budget by $18,271.00. This audit exception reversion must be posted to the college budget prior to submitting next month's files.
## SUMMARY OF AUDIT FINDINGS FOR EDUCATION PROGRAM AUDIT

**ATTACHMENT A - FINAL**

**Audit FY: 2014-2015**

**COLLEGE:**
Wayne Community College

### CONTINUING EDUCATION HOURS EXCEPTED

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**TOTAL CONTINUING EDUCATION HOURS EXCEPTED:** 2,842.00