



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Dr. R. Scott Ralls, President

June 18, 2008

MEMORANDUM

TO: Members of the State Board of Community Colleges
Community College Presidents and Boards of Trustees Chairs
NC Community College System Office Staff
Other Interested Parties

FROM: Q. Shanté Martin, General Counsel/Rule-making Coordinator

SUBJECT: **23 NCAC 02C .0110 “Accountability and Audit Responsibilities”**

The State Board has initiated the Rule-making process to amend 23 NCAC 02C .0110 entitled “Accountability and Audit Responsibilities.” The amendment was published in the North Carolina Register on June 16, 2008.

For your convenience, a copy of the rule is attached. Please post a copy of the rule in prominent places so that all individuals affected by the proposed changes will be informed.

In accordance with the Administrative Procedures Act, no public hearing has been scheduled for these rule-making proceedings. Requests for a public hearing should be made in writing within 15 days of notice to the Rule-making Coordinator at the following address: North Carolina Community College System, 5001 Mail Service Center, Raleigh, NC 27699-5001. Written comments for this Rule must be received by the Legal Affairs office no later than 5:00 p.m. on August 1, 2008. Written comments should be directed to the Rule-making Coordinator at the following address: North Carolina Community College System, 5001 Mail Service Center, Raleigh, NC 27699-5001.

Thank you for your attention to this matter.

CC 08-136
E-mail and Paper copies

QSM/my

Attachment

NORTH CAROLINA REGISTER

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TITLE 23 – DEPARTMENT OF COMMUNITY COLLEGES

Notice is hereby given in accordance with G.S. 150B-21.2 that the State Board of Community Colleges intends to adopt the rule cited as 23 NCAC 02C .0110.

Proposed Effective Date: October 1, 2008

Instructions on How to Demand a Public Hearing: (must be requested in writing within 15 days of notice): To demand a public hearing please send the written demand to Q. Shante Martin, NC community College System, 200 West Jones Street, MSC 5001, Raleigh, NC 27699-5001 or by e-mailing the demand to martins@nccommunitycolleges.edu. Demands must be received within 15 days of the publication of the proposed rule in the North Carolina Register.

Reason for Proposed Action: The purpose of establishing accountability and audit responsibilities is to ensure collaborations among local trustees, presidents, the State board of Community Colleges and the System Office in fulfilling responsibilities relating to accountability for college operations, timely and up-to-date training so that well-informed decisions can be made; and minimizing audit and risk management issues for the colleges.

Procedure by which a person can object to the agency on a proposed rule: Written objections shall be addressed to President, NC Community College System Office, 5001 MSC, Raleigh, NC 27699-5001 within the comment period, and must be post marked by 11:59 p.m. on the day of the comment period.

Comments may be submitted to: Q. Shante Martin, 200 West Jones Street, 5001 MSC, Raleigh NC 27699-5001; phone (919) 807-6961; fax (919) 807-7171; email martins@nccommunitycolleges.edu

Comment period ends: August 15, 2008

Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission. If the Rules Review Commission receives written and signed objections in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission

approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or facsimile transmission. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 919-733-2721.

Fiscal Impact:

- State
- Local
- Substantive (≥\$3,000,000)
- None

CHAPTER 02 – COMMUNITY COLLEGES

SUBCHAPTER 02C – COLLEGES: ORGANIZATION AND OPERATIONS

SECTION .0100 – TRUSTEES AND COLLEGES

23 NCAC 02C .0110 ACCOUNTABILITY AND AUDIT RESPONSIBILITIES

(a) The purpose of establishing accountability and audit responsibilities is to ensure collaboration among local trustees, presidents, the State Board of Community Colleges and the System Office in fulfilling responsibilities relating to the following:

- (1) accountability for college operations;
- (2) timely and up-to-date training so that well-informed decisions can be made;
and
- (3) minimizing audit and risk management issues for the colleges.

(b) Each local board of trustees shall include responsibilities for accountability and audit in their bylaws.

(c) Local trustees assigned accountability and audit responsibilities shall review the following documents listed in Subparagraphs (1) through (22) of this Paragraph and identify any potential risks and/or concerns to their respective colleges:

- (1) Strategic Plan/Institutional Effectiveness Plan (G.S. 115D-31.3/SACS)
- (2) Performance Measures Report (to include Critical Success Factors) (G.S. 115D-31.3 and 23 NCAC 02E .0205(b), (c), and (d))
- (3) Internal Audit Plan (Accountability Credibility Plan for Continuing Education) (23 NCAC 02E .0305)
- (4) Business Continuity Plan (2004 State Auditor Requirement)
- (5) FTE/Enrollment Management (Annual Statistical Reports)

- (6) Captive/Co-Opted Instruction (23 NCAC 02E .0403)
- (7) Education Services for Minors (Huskins/Concurrent Enrollment/Joint High School Programs) G.S. 115D-5(b) and (23 NCAC 02C .0305)
- (8) Instructional Service Agreements with other Colleges (23 NCAC 02E .0604)
- (9) Optional Fees Schedule (23 NCAC 02D .0201(c))
- (10) Tuition and/or Registration Fee Waivers (G.S. 115D, G.S. 115B, and 23 NCAC 02D .0202 and 02D .0203)
- (11) Certification/Licensure Program Compliance (23 NCAC 02C .0301(b), 02D .0325, and 02E .0405)
- (12) College Personnel Policies (23 NCAC 02C .0210)
- (13) Evaluation of President (23 NCAC 02C .0209)
- (14) Training of Local Business Office Employees (2005 State Auditor's Report)
- (15) Tech Prep Articulation Agreements (Federal Carl Perkins Voc. Ed. Act/SBCC)
- (16) Information Technology Plan (State ITS Office)
- (17) Basic Skills Plan (U.S. Dept. of Ed.)
- (18) Program Review Summary (for establishment and disestablishment of programs) (23 NCAC 02E .0205(a))
- (19) Southern Association of Colleges and Schools Reviews (SACS) (U.S. Dept. of Ed./Trustees Manual)
- (20) Facilities Master Plan (to include study of existing programs, expansion to create capacity for new programs, resource needs and matching facility needs) (SACS)
- (21) Facilities Utilization Report (UNC-GA)

(22) Board Assessments/Evaluations (NCACCT)

(d) Local trustees assigned accountability and audit responsibilities shall report the potential risks and/or concerns that are identified in the documents listed in Subparagraphs (c)(1) through (c)(22) of this Rule to the full local board of trustees with specific procedures and/or actions for the resolution of the identified risks and/or concerns. The report and procedures and/or actions for resolution shall be detailed in each local board of trustees meeting minutes.

(e) Local trustees assigned accountability and audit responsibilities shall review the following audit reports

listed in Subparagraphs (1) through (3) of this Paragraph and report any audit concerns/exceptions to the full local board of trustees with specific procedures and/or actions for the resolution of the audit concerns/exceptions. The report and procedures and/or actions for resolution shall be detailed in each local board of trustees meeting minutes:

- (1) State of North Carolina Audits – Financial and Operational (State Auditor's Office and Office of the State Controller)
- (2) Equipment Audits (State Auditor's Office)
- (3) Federal Audits – Reviews and Results (U.S. Dept. of Ed.)

(f) The Audit Services unit of the System Office shall review internal processes and procedures for the documents listed in Subparagraphs (c)(1) through (c)(22) of this Rule and for the audit reports listed in Subparagraphs (d)(1) through (d)(3) of this Rule. After reviewing internal processes and procedures, the Audit Services unit of the System Office shall provide feedback to the State Board of Community Colleges' Accountability and Audit and Policy Committees for action as needed to ensure that appropriate internal controls are maintained.

(g) Verification of local board and System Office accountability and audit reviews shall be included in college Program Audits and System Office performance audits.

(h) Each local board of trustees shall implement the accountability and audit responsibilities of this section as of the date this Rule is adopted.

Authority G.S. 115-5