



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Dr. R. Scott Ralls, President

July 17, 2009

IMPORTANT INFORMATION SUPERSEDES CC08-172

MEMORANDUM

TO: Presidents
Chief Academic Officers
Senior Continuing Education Officers
Chief Financial Officers
Registrars
Student Development Officers

FROM: John Pettitt, Executive Director
Audit Services

SUBJECT: Audit Procedures FY 2009 – 2010

This numbered memorandum serves as an update to the Audit Procedures for FY 2009 – 2010. This numbered memo supersedes CC08-172, *Audit Procedures FY 2008 – 2009*.

The information listed below outlines the major components of the annual audits to be conducted during the 2009-2010 fiscal year. The audit procedures vary somewhat from previous years due to changes in legislation, *Title 23 of the North Carolina Administrative Code*, State Board of Community Colleges action, NC Community College System Office (System Office) Numbered Memoranda, and recommendations of the State Auditor. This year certain audit procedures have been adjusted to reflect new Customized Training guidelines (re. Numbered Memoranda CC09-014 *Customized Training Program Guidelines*). Also, additional reports to college Boards of Trustees will be reviewed for compliance with new Accountability and Audit guidelines (re. Attachment Pol. 9 *Accountability and Audit Responsibilities*) adopted by the State Board on January 16, 2009. However, the core components of the audits essentially remain the same as in the past few years.

I. **Pre-Audit Reviews**

- a. The college's prior year audit report, college's response, and other documents are reviewed to ensure proper steps were taken to resolve any exceptions and concerns. The local Board of Trustees minutes are reviewed to ensure that the board has reviewed the audit findings for the previous year.

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- b. Enrollment trends and other statistical information for the college are reviewed to identify any substantial changes in enrollment and identify the causes.
- c. The college catalog, both printed and electronic versions, is reviewed to ensure program and local policy compliance.

II. During the Audit

- a. Verification of the following requirements and discussion/approvals by Board of Trustees as included in meeting minutes:
 - i. Evaluation of President
 - ii. Personnel Policies
- b. Verification of Board of Trustees discussion of:
 - i. Office of State Auditor/Office of State Controller Audit Reports
 - ii. Internal Audit Reports
 - iii. US Department of Education Audit Reports
 - iv. Southern Association of Colleges and Schools reviews and substantive communications
- c. The following Computerized Audit (XPA) Reports are reviewed and college staff is asked to clarify questionable items:
 - i. Curriculum Duplicate Class Report or XPAE
 - ii. Cooperative Education or XPAA
 - iii. Student Course Overlap for Curriculum and Continuing Education or XPAQ
 - iv. Underage Students – Curriculum or XPAU
 - Underage Students – Continuing Education or XPAO
 - v. Duplicate Classes for Extension Students or XPAF
- d. The college Academic Calendar for the period of review is examined. Academic calendars should be scheduled consistent with the reporting periods outlined in CC03-185, *Community College System Calendar*.
- e. For 16-week and non-standard semesters, off-cycle classes, mini-sessions, etc., a sample of classes is reviewed to ensure that the appropriate number of instructional hours are scheduled and delivered. The actual class schedule, including unplanned closing due to inclement weather, is reviewed as a part of this step.
- f. A review of the college Inclement Weather Plan is conducted to ensure that any changes in the college schedule are consistent with both the college plan and System Office guidelines.
- g. A statistically valid Institution Class Report (ICR) Records Sample is identified to include the following areas:

Curriculum

- i. Class records are reviewed to ensure that membership hours reported are accurate and the ten-percent point (census date) was calculated accurately. Class records are reviewed to ensure that contact hours reported are accurate and do not exceed the hours listed in the Combined Course Library. All

student hours in membership reported must meet reporting requirements per 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*.

- ii. Class schedules are verified, ensuring consistency with hours reported.
- iii. From the sample, course records are reviewed to determine if the courses are in compliance with the existing combined course library and the approved program of study compliance document of the College.
- iv. From the sample, a sample of student transcripts are reviewed to determine if state and local prerequisites and corequisites are met and that local policy is followed.
- v. Program terminations, programs with no enrollments, and one-year extensions are reviewed.

Continuing Education

- i. Sample will include all areas of Continuing Education.
 - ii. Class records are reviewed to ensure that student hours in membership reported are accurate and the ten-percent point (census date) was calculated accurately. Class records are reviewed to ensure that student contact hours reported are accurate and do not exceed the hours listed in the Master Course List. All student hours in membership reported must meet reporting requirements of 23 NCAC 02D .0324, *Reporting of Student Hours in Membership for Continuing Education Classes*.
 - iii. Instructor contracts are reviewed to verify that payments are consistent with hours reported for each class. When contract modification occurs, the modification should be accompanied by documentation and be appropriately authorized.
 - iv. Documentation is reviewed to ensure proper registration fees have been charged or fee waivers have been granted appropriately and student signatures or other evidence of membership has been obtained on a fee roster or registration form.
 - v. From the sample, courses are reviewed to ensure compliance with the Master Course List for the period of review.
- h. Curriculum Skills Labs are reviewed to assure that lab hours are being reported consistent with 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes, (d) Skills Laboratory or Computer Tutorial Laboratory*. Instructor referrals and time cards should be available for review.
- i. Co-operative Education attendance documentation and workbooks are reviewed to ensure the cooperative education program is operating according to the program guidelines detailed in the NCCCS Cooperative Education Work Experience Handbook and that student membership or contact hours are reported consistent with 23 NCAC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes, (f) Curriculum Student Work Experience and Clinical Practice*.
- j. A Tech Prep student folder with articulated credit will be reviewed.
- k. Criminal Justice: Basic Law Enforcement Training certification is reviewed to ensure hours reported are consistent with curriculum and occupational extension guidelines. Pre-delivery approvals and accreditation documentation should be available for review.

- l. Emergency Services Training Fees are reviewed in continuing education programs and courses ensuring compliance with CC02-150, *New State Board Policy Regarding Fees*, CC04-092, *Collection and Deposit of Institutional Funds*, and CC04-154, *Approval of Changes to the NC Administrative Code*.
- m. Captive/Co-opted Programs and Courses are reviewed to ensure that State Board of Community Colleges approvals have been obtained and that the programs are in compliance with the proper matrix classification (if offered in a correctional institution/facility) and 23 NCAC 02E .0403, *Instruction to Captive or Co-opted Groups*.
- n. Cooperative and Joint Programs with High School (Huskins, Early College, and Middle College) approvals are reviewed ensuring they are consistent with 23 NCAC 02C .0305, *Education Services For Minors* and the *Curriculum Reference Procedures Manual*. Intellectually Gifted and Mature Students Under 16 Years of Age Review are also reviewed per SL2009-46 and CC05-182, *Admissions Criteria for Intellectually Gifted and Mature Students Under 16 Years Old*.
- o. Minutes of the college's Board of Trustees meetings verifying the reporting of Performance Measures and updates to the Strategic Plan and Master Facilities' Plan are reviewed. The college's current Institutional Effectiveness Plan is reviewed to verify that it contains the required technology and diversity components. The electronic catalog or Internet and the current printed catalog are reviewed to ensure the eight performance measures are printed annually. Verification of the college's Business Continuity Plan, Communicable Disease/Pandemic Influenza in the Work Place Plan is conducted.
- p. The college Maintenance System for archiving permanent records is reviewed (Records Retention).
- q. Implementation of the college's Accountability and Credibility Plan for one continuing education semester will be reviewed per 23 NCAC 02E .0305, *Continuing Education Program Management* and CC00-146, *Revisions to Accountability and Credibility Plan for Continuing Education*.
- r. College documentation to support the data submitted for Performance Measures is reviewed periodically. Documentation of procedures/methods used for gathering data for the Student Satisfaction Survey of Program Completers and Non-Completers conducted during period of review is examined to ensure the college maintains documentation to support the results reported.
- s. Self-Supporting average monthly revenues and FY ending balance are reviewed to determine that surplus revenue is being expended for the direct benefit of students consistent with the requirements of numbered memos CC98-306, *Self Supporting Recommendations*, and CC05-129, *Deposit of Self-Supporting Funds*.
- t. If the college offered instruction during the review period under an Instructional Services Agreement (ISA) in which FTE was shared with another college, these agreements are reviewed and the division of FTE is checked to determine if each college involved reported the proper portion of FTE and that credentials are appropriately awarded.

- u. Basic Skills class files, one for each semester, will be reviewed to determine if documentation of goal attainment matches the reporting of these achievements in the LEIS report. Copy of the college's Adult High School Agreement of Affiliation and copy of a student's Adult High School Diploma if applicable.
- v. If the college had Customized Training project(s), the Project Profile approval, Training Plan, Payback Agreements, roster, instructional contract, invoice/time sheets, any Payback Agreement Form, and all Funds Action Requests (FAR) related to a Customized Training course will be reviewed.
- w. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc.

III. Class Visitation (Pre, During and Post Audit Procedures)

- a. Using the current schedule for continuing education courses and the current schedule for curriculum courses, a sample of classes is selected for visitation.
- b. Criteria considered when selecting courses includes:

Results of prior year's class visits	Results of pre-audit review
Remote or unusual locations	Unusual course titles
- c. For continuing education classes, the instructor is interviewed regarding class schedule, course content, and actual class activities observed by the auditor. An Instructor Interview Worksheet is completed, including instructor signature and date. Class attendance data and course outlines may be reviewed.
- d. An instructor interview is **not** required for curriculum class visits, but may be conducted at the auditor's discretion. Students attending class may be interviewed concerning class schedule and class content. Class attendance data and course syllabi may be reviewed.

IV. Post-Audit Procedures

- a. An Exit Conference is scheduled with the college President as soon as possible once the audit is complete, and is followed by a written audit report detailing the scope of the program audit.
- b. Unless dictated by budget restrictions, the method of conducting the Exit Conference will be at the college President's discretion based on the following criteria: If the Audit Report contains:

No audit exceptions or areas of concern – Videoconference, telephone (preferred for budget cost savings), or auditor will conduct the Exit Conference at the college.

Area(s) of concern(s) – Videoconference, telephone, or auditor will conduct the Exit Conference at the college.

Management Letter – Videoconference, telephone, or auditor will conduct the Exit Conference at the college.

Exception(s) – Auditor will conduct the Exit Conference at the college.

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- c. If there are Findings, the college has 30 days from receipt of the preliminary audit report to respond, in writing. When warranted, extensions may be granted to allow a college additional time to develop a response. The college may request a conference with the Executive Director of Audit Services and/or the Executive Vice President to present pertinent information regarding the issue(s) in question. After reviewing all available information, a final audit report is developed and forwarded to the college. If the issue(s) are not resolved, the college may appeal the audit findings to the State Board of Community Colleges. This appeal must be submitted in writing within 30 days of receipt of the final audit report. The Board's Policy Committee will hear the appeal and make its recommendation to the State Board of Community Colleges.

The auditors function in a coaching, consultative, and proactive manner. They are available to provide assistance to college staff with implementation of the laws, policies, procedures, guidelines, and reporting requirements. A listing of auditor assignments for FY 2009-10 is enclosed which can be found with their contact information at:

http://www.nccommunitycolleges.edu/Program_Audit_Services/Auditor_Assigned_Colleges%202009-2010.htm

As in previous years, when a NEW audit step is added to the audit process, the first year of implementation is a coaching year where the auditor checks to ensure that the college has implemented processes, procedures, or policies to become compliant with the audit question; the second year is an audit concern when the college is non-compliant; and, the third year is an audit exception if the college is non-compliant, and will result in the reimbursement of funds or student hours in membership.

If you have any questions, please feel free to contact your auditor for assistance or contact me at the System Office at pettitj@nccommunitycolleges.edu or 919-807-7224. We look forward to working with you and your college as you strive to meet the educational, workforce, and economic development needs of your communities and the State.

JP:mg

- c: Mr. Kennon D. Briggs, Executive Vice President and Chief of Staff
System Office Vice Presidents
Auditors

2009-2010 NC Community College System Auditor Assignments

College	Assigned Auditor	College	Assigned Auditor
Alamance CC	Amanda Tolar	Martin CC	Veronica Ross
Asheville-Buncombe Tech CC	Jim Benton	Mayland CC	Jim Benton
Beaufort County CC	Veronica Ross	McDowell Technical CC	Anne Miller
Bladen CC	Terry McCauley	Mitchell CC	Anne Miller
Blue Ridge CC	Jim Benton	Montgomery CC	Anne Miller
Brunswick CC	Terry McCauley	Nash CC	Veronica Ross
Caldwell CC & TI	Anne Miller	Pamlico CC	Veronica Ross
Cape Fear CC	Terry McCauley	Piedmont CC	Amanda Tolar
Carteret CC	Veronica Ross	Pitt CC	Terry McCauley
Catawba Valley CC	Anne Miller	Randolph CC	Amanda Tolar
Central Carolina CC	Amanda Tolar	Richmond CC	Terry McCauley
Central Piedmont CC	Elizabeth Self & Anne Miller	Roanoke-Chowan CC	Elizabeth Self
Cleveland CC	Jim Benton	Robeson CC	Elizabeth Self
Coastal Carolina CC	Veronica Ross	Rockingham CC	Anne Miller
College of The Albemarle	Elizabeth Self	Rowan-Cabarrus CC	Anne Miller
Craven CC	Veronica Ross	Sampson CC	Terry McCauley
Davidson County CC	Anne Miller	Sandhills CC	Amanda Tolar
Durham Technical CC	Amanda Tolar	South Piedmont CC	Jim Benton
Edgecombe CC	Veronica Ross	Southeastern CC	Terry McCauley
Fayetteville Technical CC	Amanda Tolar	Southwestern CC	Jim Benton
Forsyth Technical CC	Amanda Tolar	Stanly CC	Elizabeth Self
Gaston College	Jim Benton	Surry CC	Anne Miller
Guilford Technical CC	Amanda Tolar	Tri-County CC	Anne Miller
Halifax CC	Terry McCauley	Vance-Granville CC	Amanda Tolar
Haywood CC	Jim Benton	Wake Technical CC	Terry McCauley
Isothermal CC	Jim Benton	Wayne CC	Veronica Ross
James Sprunt CC	Terry McCauley	Western Piedmont CC	Jim Benton
Johnston CC	Amanda Tolar	Wilkes CC	Jim Benton
Lenoir CC	Veronica Ross	Wilson CC	Veronica Ross
Rev. 07/01/2009			