



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**  
*Dr. R. Scott Ralls, President*

July 19, 2012

**IMPORTANT INFORMATION**  
**SUPERSEDES CC11-025**

**NUMBERED MEMORANDUM**

**TO:** Presidents

**FROM:** Elizabeth Self, Executive Director  
Audit Services

**SUBJECT:** Education Program Audit Procedures FY 2012-2013

This numbered memorandum serves as an update to the Education Program Audit Procedures for FY 2011-2012. This numbered memo supersedes CC11-025, *Audit Procedures FY 2011-2012*.

The information listed below outlines the major components of the annual program audits to be conducted during the 2012-2013 fiscal year. The audit procedures vary somewhat from previous years due to changes in legislation, Title 23 of the State Board of Community College Code (SBCCC), State Board of Community Colleges (SBCC) action, NC Community College System Office (NCCCS) Numbered Memoranda, and recommendations of the State Auditor. The core components of the audits essentially remain the same as in the past few years. However, while there are no additional audit procedures, the following changes in the FY 2010-2011 procedures are noted:

- 1) Session Law 2010-31, Section 8.2.(a) authorizes a local community college to use up to five percent (5%) of Literacy Funds allocated to it by the State Board of Community Colleges to procure instructional technology for literacy labs. This technology may include computers, instructional software and software licenses, scanners for testing, and classroom projection equipment. The State Board may also authorize a local community college to use up to twenty percent (20%) of the State Literacy Funds allocated to it to provide employability skills, job-specific occupational and technical skills, and developmental education instruction to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate.

No. Memo CC12-021  
Paper Copy/Email  
Supersedes CC11-025

Session Law 2010-31, Section 8.2.(b) authorizes a community college to provide employability skills, job-specific occupational or technical skills, or developmental education instruction to students concurrently enrolled in a community college course leading to a high school diploma or equivalent certificate, and the college may waive the tuition and registration fees associated with this instruction.

The aforementioned law allows community colleges to enroll students currently enrolled in the Basic Skills Program in Curriculum Basic Skills Plus classes and Continuing Education Basic Skills Plus classes: these classes are included for review from previous years to ensure compliance with Session Law 2010-31, Section 8.2(a)(b); Basic Skills Plus Legislation and Guidelines.

- 2) Session Law 2011-145, the Appropriations Act of 2011, authorizes the State Board of Education and the State Board of Community Colleges to establish the Career and College Promise program, effective January 2012. Due to this legislation, North Carolina community colleges may offer the following Career and College pathways aligned with the K-12 curriculum and career and college ready standards adopted by the State Board of Education:
  - a. Core 44 College Transfer Pathway
  - b. Career and Technical Education Pathway
  - c. Cooperative Innovative High School Pathway

The aforementioned Career and College pathways will be included for review from previous years to ensure compliance with Session Law 2011-145 09-451; Numbered Memoranda CC11-026, CC11-029, CC11-030; and Career and College Promise Operating Procedures (Revised), (SBCC Attachment PROG 8, SBCC Approved 03/16/12). The latter can be found at: [http://www.nccommunitycolleges.edu/Programs/docs/CCP/CCP\\_Operating\\_Procedures\\_03-19-2012.pdf](http://www.nccommunitycolleges.edu/Programs/docs/CCP/CCP_Operating_Procedures_03-19-2012.pdf).

- 3) 23 SBCCC 02C .0110 Intercollegiate Athletics authorizes community colleges to adopt a policy for offering athletic scholarships to students participating in Intercollegiate Athletics. This code also sets forth the criteria for awarding the athletic scholarships.

A review will be conducted in regard to Intercollegiate Athletics to ensure compliance with:

*N.C.G.S* 115D-43. Funds for an intercollegiate athletics program  
23 SBCCC 02C .0110.

## **Audit Review Process**

### **I. Administration**

- A. Verification of the following requirements and discussion/approvals by the local Board of Trustees as included in meeting minutes:

- i. Annual Program Audit
- ii. Audits conducted by the Office of the State Auditor (or CPA contracted by the college)

B. Documentation of the most current Continuing Education Accountability/Credibility Plan to include a copy of local board minutes showing local board approval.

## II. Curriculum

A. The college Academic Calendar for the period of review is examined.

- i. Academic calendars should be scheduled consistent with the reporting periods outlined in CC03-185, *Community College System Calendar*.
- ii. 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 closings due to inclement weather, is reviewed as a part of this step.
- iii. 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.

B. A statistically valid Institution Class Report (ICR) Records Sample is identified to include the following areas:

- 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 that courses are scheduled based on the hours listed in the Combined Course Library. All student hours in membership reported must meet reporting requirements per 23 SBCCC 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 college's approved program of study compliance document.
- iv. Documentation is reviewed to ensure evidence of membership has been appropriately noted on attendance records, and attendance records have been signed by the instructor verifying accuracy.
- v. From the classes pulled for review, a sample of student transcripts is reviewed to determine if state and local prerequisites are met and that local policy is followed.

C. Curriculum Basic Skills Plus classes are reviewed to ensure that the college has State Board of Community Colleges approval to offer Basic Skills Plus. Applicable instructor contracts will be reviewed to ensure instructional pay is appropriate based on how student membership hours were reported for budget/FTE (Curriculum or Basic Skills). If the fee waiver was not applied, verification of payment of tuition/fees will be reviewed. Documentation (BSP 2000 class rosters) showing students enrolled in Curriculum Basic Skills Plus classes were also enrolled in the Literacy Basic Skills Program: these class

rosters may be required in addition to those requested on the Curriculum sample of classes sheet provided.

- D. Curriculum Skills Labs are reviewed to assure that lab hours are being reported consistent with 23 SBCCC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*, (d) *Skills Laboratory or Computer Tutorial Laboratory*. Instructor referrals and time cards must be available for review.
- E. Curriculum Student Work Experience (COE) documentation required for reporting hours for budget/FTE is reviewed to ensure student membership or contact hours are reported consistent with 23 SBCCC 02D .0323, *Reporting of Student Hours in Membership for Curriculum Classes*, (f) *Curriculum Student Work Experience and Clinical Practice*.
- F. Career and College Promise classes are reviewed to include program of study approvals and documentation that students met eligibility requirements (high school seniors demonstrating college-readiness and provisional status students).
- G. The following Computerized Audit (XPA) Reports are reviewed:
  - 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
  - v. Current Master Class Schedule or XPAC
- H. Criminal Justice: Basic Law Enforcement Training certification is reviewed to ensure hours reported are consistent with Curriculum guidelines. Pre-delivery approvals and accreditation documentation should be available for review.
- I. Captive/Co-opted Programs and Courses are reviewed to ensure that State Board of Community Colleges approvals have been obtained and that the reporting of student membership hours are in compliance with 23 SBCCC 02E .0403, *Instruction to Captive or Co-opted Groups*.
- J. Instructional Service Agreements (ISAs) for which FTE was shared with another college are reviewed. The division of FTE is checked to determine if each college involved reported the applicable portion of FTE based on the ISA, and credentials are appropriately awarded.
- K. Intercollegiate Athletics review will be conducted to ensure community colleges participating in intercollegiate athletics are a member in good standing with the National Junior College Athletic Association and student athletic scholarships are awarded in compliance with *N.C.G.S. 115D-43* and 23 SBCCC 02C .0110.
- L. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc. If there are reason(s) for the Audit review to go beyond the normal scope, the rationale for doing so will be discussed with

the NCCCS Executive Vice President and Chief Of Staff. If it is decided that the Audit review will go beyond the normal scope, the College President will be notified.

### III. Continuing Education

- A. A statistically valid Institution Class Report (ICR) Records Sample is identified to include the following areas:
- i. Sample will include all areas of Continuing Education.
  - ii. Class records are reviewed to ensure that student membership hours 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 SBCCC 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 modifications occur, the modification should be accompanied by documentation and be appropriately authorized.
  - iv. Documentation is reviewed to ensure proper registration fees have been collected or fee waivers have been granted appropriately, and evidence of membership has been obtained on attendance rosters signed by instructors.
  - v. From the sample, courses are reviewed to ensure compliance with the Master Course List for the period of review.
- B. Continuing Education Basic Skills Plus classes are reviewed to ensure that the college has the State Board of Community Colleges' approval to offer Basic Skills Plus. Applicable instructor contracts will be reviewed to ensure instructional pay is appropriate based on how student membership hours were reported for budget/FTE (Continuing Education or Basic Skills). If the fee waiver was not applied, verification of payment of registration/fees will be reviewed. Documentation (BSP 2000 class rosters) showing students enrolled in Continuing Education Basic Skills Plus classes were also enrolled in the Literacy Basic Skills Program: These class rosters may be required in addition to those requested on the Continuing Education sample of classes sheets provided.
- C. Continuing Education Agreements to Offer Courses to Students via an External Agency/Association/School/College review is conducted to verify the following areas:
- i. Agreements with an external agency/association/school/college
  - ii. If the college advertised courses as offered through an agreement with an external party
  - iii. Reimbursement to an external party for fees for service
  - iv. Whether funds were collected and deposited in accordance with Numbered Memorandum CC04-092.

D. Computerized Audit (XPA) Reports are reviewed and college staff is asked to clarify questionable items. The reports reviewed are listed below:

- i. Student Course Overlap for Curriculum and Continuing Education or XPAQ
- ii. Underage Students – Continuing Education or XPAO
- iii. Duplicate Classes for Extension Students or XPAF
- iv. Current Master Class Schedule

E. Criminal Justice: Basic Law Enforcement Training certification is reviewed to ensure hours reported are consistent with Occupational Extension guidelines. Pre-delivery approvals and accreditation documentation should be available for review.

Captive/Co-opted Programs and Courses are reviewed to ensure that State Board of Community Colleges approvals have been obtained and that the reporting of student membership hours are in compliance with 23 SBCCC 02E .0403, *Instruction to Captive or Co-opted Groups*.

F. Instructional Service Agreements (ISAs) for which FTE was shared with another college are reviewed. The division of FTE is checked to determine if each college involved reported the applicable proper portion of FTE based on the ISAs.

G. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, complaints received, etc. If there seems to be reason(s) for the Audit review to go beyond the normal scope, the rationale for doing so will be discussed with the NCCCS Executive Vice President and Chief Of Staff. If it is decided that the Audit review will go beyond the normal scope, the College President will be notified.

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

A. Using the current semester schedule for Continuing Education courses and the current semester schedule for Curriculum courses, a sample of classes is selected for visitation.

B. Criteria considered when selecting classes include:

- i. Results of prior year's class visits
- ii. Remote or unusual locations
- iii. Unusual course titles

C. For Continuing Education classes visited, class activities will be observed by the auditor. An Instructor Interview Worksheet is completed to include instructor signature and date. Class attendance data will be reviewed and course outlines may be requested.

D. For Curriculum classes visited, an instructor interview is **not** required, but may be conducted. Students attending class may be interviewed concerning the class schedule and class content. Class attendance data, and course syllabi may be reviewed.

#### **IV. Post-Audit Procedures**

- A. On the day the auditor receives feedback from college staff regarding issues noted in the audit review, a brief discussion in regard to the audit review findings may be held with the College President or other relevant staff members. If there is no time; college staff is unavailable; or the auditor is not appropriately prepared for the discussion, the auditor will call the College President or a designee of the President when the written audit report detailing the scope of the program audit and findings has been completed. The call will be scheduled at a time convenient to the President.
  
- B. If there are findings, the college has 30 days from receipt of the preliminary audit report to respond in writing. When warranted and with a written request from the College President, extensions may be granted to allow a college additional time to develop a response. When submitting the written response to the NCCCS Executive Director of Audit Services, the College President may also request a conference with the Executive Director of Audit Services and/or the NCCCS Executive Vice President to present pertinent information regarding the finding(s). Any additional, pertinent information provided by college staff should be different documentation than that provided in the initial audit review. For example, the attendance record, verification of payment, instructor contract, etc. provided for the reporting of the class hours for budget/FTE at the time of the audit review cannot be replaced by a secondary documentation of the same nature, or in other words, attendance record "B." It is expected that, at the time of the audit review, accurate and final documentation which was used when the class hours were reported for budget/FTE via the ICR will be provided. If the college provides additional, different documentation, time must be allowed for a secondary audit review and written response.

When all information has been reviewed and a conclusion reached, a final audit report will be developed and forwarded to the College President. If applicable, the final audit report will include the rationale for any changes or lack thereof for findings where there was non-concurrence by the college. Upon receipt of the final audit report, if there is continued disagreement in regard to the findings by the college, a written appeal may be made to the SBCC. This written appeal must be submitted within 30 days of receipt of the final audit report. The SBCC Policy Committee will review the appeal and make its recommendation to the SBCC.

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 throughout the year. A listing of auditor assignments for FY 2012-2013 is attached and can also be found with their contact information at:

Numbered Memorandum

Page 8

July 19, 2012

**[http://www.nccommunitycolleges.edu/Program\\_Audit\\_Services/docs/Auditor%20Assignments/FY%202012-13%20Auditor%20Assignment%20Eff%207%201%2012.pdf](http://www.nccommunitycolleges.edu/Program_Audit_Services/docs/Auditor%20Assignments/FY%202012-13%20Auditor%20Assignment%20Eff%207%201%2012.pdf)**

If you have any questions, please feel free to contact your auditor for assistance or contact me at the System Office at [selife@nccommunitycolleges.edu](mailto:selife@nccommunitycolleges.edu) or telephone (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.

ES:mg

Att.

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

e-copy: Chief Academic Officers  
Senior Continuing Education Officers  
Chief Financial Officers  
Registrars  
Student Development Administrators  
Student Services Officers



## 2012-2013 NC Community College System Auditor Assignments

<b>College</b>	<b>Assigned Auditor</b>	<b>College</b>	<b>Assigned Auditor</b>
Alamance CC	Terry McCauley	Martin CC	Terry McCauley
Asheville-Buncombe Technical CC	Amanda Tolar	Mayland CC	Amanda Tolar
Beaufort County CC	Amanda Tolar	McDowell Technical CC	Amanda Tolar
Bladen CC	Crystal Jones	Mitchell CC	Amanda Tolar
Blue Ridge CC	Connie McKinney	Montgomery CC	Crystal Jones
Brunswick CC	Amanda Tolar	Nash CC	Anne Miller
Caldwell CC & TI	Connie McKinney	Pamlico CC	Crystal Jones
Cape Fear CC	Amanda Tolar	Piedmont CC	Anne Miller
Carteret CC	Terry McCauley	Pitt CC	Connie McKinney
Catawba Valley CC	Connie McKinney	Randolph CC	Crystal Jones
Central Carolina CC	Anne Miller	Richmond CC	Anne Miller
Central Piedmont CC	Terry McCauley* Connie McKinney	Roanoke-Chowan CC	Crystal Jones
Cleveland CC	Amanda Tolar	Robeson CC	Crystal Jones
Coastal Carolina CC	Amanda Tolar	Rockingham CC	Terry McCauley
College of The Albemarle	Crystal Jones	Rowan-Cabarrus CC	Connie McKinney
Craven CC	Amanda Tolar	Sampson CC	Anne Miller
Davidson County CC	Amanda Tolar	Sandhills CC	Terry McCauley
Durham Technical CC	Anne Miller	South Piedmont CC	Crystal Jones
Edgecombe CC	Terry McCauley	Southeastern CC	Crystal Jones
Fayetteville Technical CC	Terry McCauley	Southwestern CC	Connie McKinney
Forsyth Technical CC	Connie McKinney	Stanly CC	Anne Miller
Gaston College	Connie McKinney	Surry CC	Terry McCauley
Guilford Technical CC	Anne Miller	Tri-County CC	Connie McKinney
Halifax CC	Crystal Jones	Vance-Granville CC	Anne Miller
Haywood CC	Anne Miller	Wake Technical CC	Elizabeth Self* Crystal Jones
Isothermal CC	Connie McKinney	Wayne CC	Terry McCauley
James Sprunt CC	Amanda Tolar* Terry McCauley	Western Piedmont CC	Anne Miller
Johnston CC	Connie McKinney	Wilkes CC	Terry McCauley
Lenoir CC	Terry McCauley* Amanda Tolar	Wilson CC	Anne Miller
Rev. July 1, 2012			

\* Audit Team Leader