



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

*Dr. R. Scott Ralls, President*

July 31, 2013

**NO. MEMO CC13-018**  
**(Supersedes CC12-021)**  
**IMPORTANT INFORMATION**

**NUMBERED MEMORANDUM**

**TO:** Presidents  
**FROM:** Elizabeth Self, Executive Director, Audit Services  
**SUBJECT:** **Education Program Audit Procedures FY 2013-2014**

This numbered memorandum serves as an update to the Education Program Audit Procedures for FY 2012-2013. This numbered memo supersedes CC12-021, *Audit Procedures FY 2012-2013*.

The information listed below outlines the major components of the annual program audits to be conducted during the 2013-2014 fiscal year. The audit procedures vary somewhat from previous years due to changes in legislation, Title 1 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. While there are no additional audit procedures, the following changes in the FY 2013-2014 procedures are noted:

The following areas of review have been removed:

- Curriculum/Continuing Education Records Retention Review
- Curriculum Classes Local Prerequisites Review
- Continuing Education Accountability and Credibility Plan Review
  - The plan as approved by the local board will be requested for purposes of applying the college's student signature policy only, but the plan will not be reviewed for applicable content. CC00-147 and CC10-002 apply here.
- Continuing Education Agreements to Offer Courses to Students via an External Agency/Association/School/College Review

**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 for Financial Audits, a 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.

**SBCC**  
**08/16/2013**

**II. Curriculum**

- A. 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 1G SBCCC 200.93, Reporting of Student Hours in Membership for Curriculum Classes.
  - ii. Class schedules are verified, ensuring consistency with hours reported and that class hours are scheduled consistent with the reporting periods outlined in 1G SBCCC 200.99 and CC03-185 *Community College System Calendar*.
  - 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 prerequisites are met.
- B. Curriculum Basic Skills Plus classes are reviewed to ensure that the college has State Board of Community Colleges' approval to offer Basic Skills Plus. If the fee waiver was not applied, verification of payment of tuition/fees will be reviewed. Review of 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 will be required in addition to those requested on the Curriculum sample of classes sheets provided.
- C. Curriculum Skills Labs are reviewed to assure that lab hours are reported consistent with 1G SBCCC 200.93, 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.
- D. Curriculum Student Work Experience (COE) documentation of participation in the work experience to include dates/time worked required for reporting hours for budget/FTE is reviewed to ensure student membership or contact hours are reported consistent with 1G SBCCC 200.93, Reporting of Student Hours in Membership for Curriculum Classes, (f) Curriculum Student Work Experience and Clinical Practice.
- E. Career and College Promise classes are reviewed to include program of study approvals and documentation that students enrolled in approved classes met eligibility requirements (high school juniors or seniors demonstrating college-readiness and provisional status students). Class records will also be reviewed to ensure students are coded correctly for participation in the program.

- F. 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
- G. Criminal Justice: Basic Law Enforcement Training certification classes are reviewed to ensure hours reported are consistent with 1E SBCCC 800.97 and Curriculum guidelines. Pre-delivery and post-delivery approvals and accreditation documentation should be available for review.
- H. 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 class hours are in compliance with 1D SBCCC 700.98, Instruction to Captive or Co-opted Groups.
- I. 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.
- J. 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 1B SBCCC 600.99.
- K. Additional Reviews may be conducted as warranted by previous findings, high risk areas noted, college staff requests, concerns 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 for Operations/Chief Financial Officer. 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 class 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. Class records are also reviewed to ensure scheduled hours do not exceed the hours listed in the Master Course List. All class hours reported for budget/FTE must meet reporting requirements of 1G SBCCC 200.94, 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 State Board of Community Colleges' approval to offer Basic Skills Plus classes. 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 will be required in addition to those requested on the Continuing Education sample of classes sheets provided.
- C. 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
- D. Criminal Justice: Basic Law Enforcement Training certification classes are reviewed to ensure hours reported are consistent with *N.C.G.S. 115D-5(2)*, 1E SBCCC 800.97, and Occupational Extension guidelines. Pre-delivery and post delivery approvals and accreditation documentation should be available for review.
- E. 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 1D SBCCC 700.98, 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 portion of FTE based on the ISAs.
- G. Additional Reviews may be conducted as warranted by previous findings, problem areas noted, college staff requests, concerns 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 for Operations/Chief Financial Officer. 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 Curriculum and Continuing Education classes visited, class activities will be observed by the auditor with the purpose of ensuring that the scheduled class is meeting as listed on the schedule provided and instruction is taking place. This visit does not require a discussion with an instructor and/or students, but may if the situation is such that an instructor or student naturally interact with the auditor in the course of the visit, or if a situation necessitates further questions.

**IV. Post-Audit Procedures**

- A. Findings noted in the audit report will be finalized after the audit review documentation and report have been reviewed by the Executive Director of Audit Services and Executive Vice President for Operations/Chief Financial Officer. A copy of the audit report will then be mailed to the College 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 for Operations/Chief Financial Officer 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 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.

When all information has been reviewed and a conclusion reached, a final audit report will be developed and forwarded to the College President. 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 Accountability and Audit 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 2013-2014 is attached. Contact information can be found at:

**[http://nccommunitycolleges.edu/Program\\_Audit\\_Services/Auditor\\_Assigned\\_Colleges.htm](http://nccommunitycolleges.edu/Program_Audit_Services/Auditor_Assigned_Colleges.htm)**

**If you have any questions, please feel free to contact your auditor for assistance or contact me at the System Office at [selfe@nccommunitycolleges.edu](mailto:selfe@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: Jennifer Haygood, Executive Vice President  
for Operations, CFO  
System Office Vice Presidents  
System Office Auditors

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

<b>2013-2014 NC Community College System Auditor Assignments</b>			
<b>College</b>	<b>Assigned Auditor</b>	<b>College</b>	<b>Assigned Auditor</b>
Alamance CC	Miller, Anne	Martin CC	McCauley, Terry
Asheville-Buncombe Technical CC*	Tolar, Amanda	Mayland CC	Miller, Anne
Beaufort County CC	Tolar, Amanda	McDowell Technical CC	Tolar, Amanda
Bladen CC	Tolar, Amanda	Mitchell CC	McKinney, Connie
Blue Ridge CC	McKinney, Connie	Montgomery CC	McCauley, Terry
Brunswick CC	Taylor, Nina	Nash CC	Tolar, Amanda
Caldwell CC & TI	McKinney, Connie	Pamlico CC	Tolar, Amanda
Cape Fear CC	Taylor, Nina	Piedmont CC	Miller, Anne
Carteret CC	McCauley, Terry	Pitt CC*	McKinney, Connie
Catawba Valley CC	McKinney, Connie	Randolph CC	McCauley, Terry
Central Carolina CC	Taylor, Nina	Richmond CC	Miller, Anne
Central Piedmont CC*	McCauley, Terry	Roanoke-Chowan CC	Taylor, Nina
Cleveland CC	Miller, Anne	Robeson CC	Tolar, Amanda
Coastal Carolina CC	Taylor, Nina	Rockingham CC	Miller, Anne
College of The Albemarle	Taylor, Nina	Rowan-Cabarrus CC	McKinney, Connie
Craven CC	Tolar, Amanda	Sampson CC	Taylor, Nina
Davidson County CC	McCauley, Terry	Sandhills CC	McCauley, Terry
Durham Technical CC	Miller, Anne	South Piedmont CC	Taylor, Nina
Edgecombe CC	McCauley, Terry	Southeastern CC	McCauley, Terry
Fayetteville Technical CC	McCauley, Terry	Southwestern CC	McKinney, Connie
Forsyth Technical CC	McKinney, Connie	Stanly CC	Tolar, Amanda
Gaston College	Miller, Anne	Surry CC	McKinney, Connie
Guilford Technical CC	Miller, Anne	Tri-County CC	McKinney, Connie
Halifax CC	Taylor, Nina	Vance-Granville CC	Miller, Anne
Haywood CC	McKinney, Connie	Wake Technical CC*	Miller, Anne
Isothermal CC	Miller, Anne	Wayne CC	Taylor, Nina
James Sprunt CC	McCauley, Terry	Western Piedmont CC	McKinney, Connie
Johnston CC	Tolar, Amanda	Wilkes CC	Tolar, Amanda
Lenoir CC*	McCauley, Terry	Wilson CC	McCauley, Terry
Rev. July 1, 2013			

\* Team Audit - Team Leader

Note: Assignments may change based on various changes within Audit Services.