PERFORMANCE AUDIT
OF

OAKLAND UNIVERSITY

September 2002

33-180-01

EXECUTIVE DIGEST

OAKLAND UNIVERSITY

INTRODUCTION

This report, issued in September 2002, contains the results of our performance audit* of Oakland University.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. For audits of universities, audit selection is based on several factors, such as length of time since our last audit and legislative requirements.

BACKGROUND

Oakland University was created in 1957 through a private grant to Michigan State University. The University was named Michigan State University - Oakland until 1963, when it was renamed Oakland University. Act 35, P.A. 1970, granted autonomy to the University. An eight-member Board of Trustees appointed by the Governor to eight-year terms governs the University.

The University's mission* is to offer instructional programs of high quality that lead to degrees at the baccalaureate, master's, and doctoral levels as well as programs in continuing education; advance knowledge and promote the arts through research, scholarship, and creative activity; render significant public service; and facilitate student

* *See glossary at end of report for definition.*

development. In all of its activities, the University strives to exemplify educational leadership.

The University offers diverse baccalaureate, master's, and doctoral level programs through its College of Arts and Sciences, School of Business Administration, School of Education and Human Services, School of Engineering and Computer Science, School of Health Sciences, and School of Nursing. During fall semester 2001, the University enrolled 15,875 students. The University had 11,970 fiscal year equated* students during fiscal year 2000-01.

As of January 1, 2002, the University had 442 full-time and 339 part-time faculty members and 2,163 administrative and support staff. For the fiscal year ended June 30, 2001, current fund revenues* were $175.9 million (Exhibit 1) and current fund expenditures* and transfers were $171.6 million (Exhibit 2).

AUDIT OBJECTIVES, CONCLUSIONS, AND NOTEWORTHY ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness of the University's monitoring of academic and related programs provided to students.

Conclusion: We concluded that the University was generally effective in its monitoring of academic and related programs provided to students. However, we noted reportable conditions* related to remedial mathematics courses*, verbal communication of teaching faculty, academic assessment program, and oversight of public school academies (Findings 1 through 4).

Noteworthy Accomplishments: From 1995 to 2000, the University introduced more than 30 academic degree and certificate programs, including an executive master of

* *See glossary at end of report for definition.*

business administration in health care management program and the State's only medical laboratory sciences program offering studies in cytotechnology, histotechnology, medical technology, and nuclear medicine technology.

The University was the first in Michigan to provide students with wireless network access in residence halls in 2001. Also, the University began accepting on-line payment of student tuition and fees for winter semester 2002.

To enrich its environment for teaching, researching, learning, and living, the University expended more than $200 million between 1995 and 2002 on various capital projects, including building a new science and engineering building, the Elliott Hall of Business and Information Technology, a recreation and athletics center, the School of Education and Human Services building, student apartments, and a parking structure. The University also invested $1.6 million in campus renovations to aid students with disabilities and is substantially renovating North Foundation Hall to create a one-stop student services center.

The North Central Association of Colleges and Schools awarded the University full reaccreditation. The University has 36 school and program accreditations. The University is recognized by the Carnegie Foundation for the Advancement of Teaching as one of the country's 110 doctoral research-intensive universities. In its 2001 rankings, *U.S. News & World Reports* ranked Oakland University among the top national public universities.

Audit Objective: To assess the effectiveness and efficiency of the University's use of resources allocated to support academic and related programs.

Conclusion: We concluded that the University was generally effective and efficient in its use of resources allocated to support academic and related programs. However, we noted reportable conditions related to academic probation and dismissal, satisfactory academic progress* for financial aid recipients, and Joint Capital Outlay Subcommittee approval (Findings 5 through 7).

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine the program and other records of Oakland University. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examination of the University's records and activities primarily for the period July 1, 1998 through January 31, 2002.

We conducted a preliminary review of the University's operations to formulate a basis for defining the audit scope. This included interviewing University personnel, reviewing applicable policies and procedures, analyzing revenue and expenditure data, examining enrollment and graduation trends, reviewing reference materials, and obtaining an understanding of the University's management control* and operational and academic activities.

We evaluated the University's policies and procedures related to the admissions process. Also, we reviewed and assessed the University's policies, procedures, and practices related to student academic progress. In

* *See glossary at end of report for definition.*

addition, we examined the University's methods for ensuring the quality of its academic programs.

We assessed the efficiency of the University's use of resources. We also assessed the University's oversight of public school academies.

We determined the University's compliance with selected State and University policies and procedures regarding State-funded and non-State-funded capital construction and renovation projects. Also, we assessed the appropriateness of the University's overhead allocation to auxiliary activities.

AGENCY RESPONSES

Our audit report includes 7 findings and 9 corresponding recommendations. The University's preliminary response indicated that it concurs with the findings and recommendations.

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September 20, 2002

Ms. Ann V. Nicholson, Chair
Board of Trustees
and
Dr. Gary D. Russi, President
Oakland University
Rochester, Michigan

Dear Ms. Nicholson and Dr. Russi:

This is our report on the performance audit of Oakland University.

This report contains our executive digest: description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; various exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from Oakland University's responses subsequent to our audit fieldwork. Annual appropriations acts require that the audited institution develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

Oakland University was created in 1957 through a private grant to Michigan State University. The University was named Michigan State University - Oakland until 1963, when it was renamed Oakland University. Act 35, P.A. 1970, granted autonomy to the University. An eight-member Board of Trustees appointed by the Governor to eight-year terms governs the University.

Oakland University is located on 1,441 acres in Oakland County near Rochester, Michigan. Oakland University operates 45 major buildings and has 6 residence halls.

The University's mission is to offer instructional programs of high quality that lead to degrees at the baccalaureate, master's, and doctoral levels as well as programs in continuing education; advance knowledge and promote the arts through research, scholarship, and creative activity; render significant public service; and facilitate student development. In all of its activities, the University strives to exemplify educational leadership.

For academic year 2001-02, the University offered 110 undergraduate and 67 graduate and certificate programs within six academic colleges/schools. The colleges/schools include the College of Arts and Sciences, School of Business Administration, School of Education and Human Services, School of Engineering and Computer Science, School of Health Sciences, and School of Nursing. During fall semester 2001, the University enrolled 15,875 students. The University had 11,970 fiscal year equated students during fiscal year 2000-01.

The North Central Association of Colleges and Schools has accredited the University since 1966. In addition, individual programs within the University's academic colleges/schools receive periodic accreditation from various professional accrediting bodies.

As of January 1, 2002, the University had 442 full-time and 339 part-time faculty members and 2,163 administrative and support staff. For the fiscal year ended June 30, 2001, current fund revenues were $175.9 million (Exhibit 1) and current fund expenditures and transfers were $171.6 million (Exhibit 2).

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Oakland University had the following objectives:

1. To assess the effectiveness of the University's monitoring of academic and related programs provided to students.

2. To assess the effectiveness and efficiency of the University's use of resources allocated to support academic and related programs.

Audit Scope

Our audit scope was to examine the program and other records of Oakland University. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

As part of our audit, we prepared, from information compiled by the University, supplemental information (Exhibits 1 through 5) that relates to our audit objectives. Our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

Audit Methodology

Our audit procedures, conducted from August 2001 through January 2002, included examination of the University's records and activities primarily for the period July 1, 1998 through January 31, 2002.

We conducted a preliminary review of the University's operations to formulate a basis for defining the audit scope. This included interviewing University personnel, reviewing applicable policies and procedures, analyzing revenue and expenditure data, examining enrollment and graduation trends, reviewing reference materials, and obtaining an understanding of the University's management control and operational and academic activities.

We evaluated the University's policies and procedures related to the admissions process, including orientation, placement testing, remedial course placement, and academic advising of students. Also, we reviewed and assessed the University's policies, procedures, and practices related to the academic progress of students receiving financial aid and nonfinancial aid. In addition, we examined the University's methods for ensuring the quality of its academic programs, including the use of program evaluations and surveys. Further, we determined the extent to which the University's programs were accredited. Also, we evaluated the University's methods for ensuring the verbal communication skills of its teaching faculty.

We assessed the efficiency of the University's use of resources by analyzing data related to minimum class enrollment*; repetitive course enrollment*; classroom utilization; and faculty utilization, including workloads, released time, and sabbatical leaves. We also assessed the University's oversight of public school academies.

We determined the University's compliance with selected State and University policies and procedures regarding State-funded and non-State-funded capital construction and renovation projects. Also, we assessed the appropriateness of the University's overhead allocation to auxiliary activities.

Agency Responses

Our audit report includes 7 findings and 9 corresponding recommendations. The University's preliminary response indicated that it concurs with the findings and recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the University's written comments and oral discussion subsequent to our audit fieldwork. Annual appropriations acts require the principal executive officer of the audited institution to submit a written response to our audit to the Auditor General, the House and Senate Fiscal Agencies, and the State budget director. The response is due within 60 days after the audit report has been issued and should specify the action taken by the institution regarding the audit report's recommendations.

* *See glossary at end of report for definition.*

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

MONITORING OF ACADEMIC AND RELATED PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness of Oakland University's monitoring of academic and related programs provided to students.

Conclusion: We concluded that the University was generally effective in its monitoring of academic and related programs provided to students. However, we noted reportable conditions related to remedial mathematics courses, verbal communication of teaching faculty, academic assessment program, and oversight of public school academies.

Noteworthy Accomplishments: From 1995 to 2000, the University introduced more than 30 academic degree and certificate programs, including an executive master of business administration in health care management program and the State's only medical laboratory sciences program offering studies in cytotechnology, histotechnology, medical technology, and nuclear medicine technology.

The University was the first in Michigan to provide students with wireless network access in residence halls in 2001. Also, the University began accepting on-line payment of student tuition and fees for winter semester 2002.

To enrich its environment for teaching, researching, learning, and living, the University expended more than $200 million between 1995 and 2002 on various capital projects, including building a new science and engineering building, the Elliott Hall of Business and Information Technology, a recreation and athletics center, the School of Education and Human Services building, student apartments, and a parking structure. The University also invested $1.6 million in campus renovations to aid students with disabilities and is substantially renovating North Foundation Hall to create a one-stop student services center.

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FINDING

1. Remedial Mathematics Courses

The University should determine the causes of students' low success rate and implement measures to improve the student success rate in its remedial mathematics courses.

The University requests that all first time in any college (FTIAC) students provide the University with their ACT (formerly American College Testing) examination results. The University uses the mathematics score from the ACT examination results to derive a mathematics placement for each student. The University requires students who did not take the ACT examination, or did not otherwise provide ACT examination results to the University, to take the University's mathematics placement examination. The University places students into either a remedial mathematics course (elementary or intermediate algebra) or a college level mathematics course (generally linear programming, pre-calculus, or calculus). The University requires students desiring to take a mathematics course to take a course at or below their placement level.

The University admitted 1,761 FTIAC students in fall semester 2000. Of these students, 883 (50.1%) enrolled in at least one mathematics course during this semester or winter semester 2001. We analyzed the grades earned in the first

mathematics course taken by each of these students and noted the following success rates for the higher enrollment mathematics courses:

Course	Enrolled	Completed Successfully*
Elementary algebra	160	69 (43.1%)
Intermediate algebra	282	127 (45.0%)
Linear programming	114	77 (67.5%)
Pre-calculus	207	131 (63.3%)
Calculus	84	70 (83.3%)

* Earned a grade of 2.0 (C) or better

Our review disclosed two factors that either directly or indirectly contributed to the students' low success rate in intermediate algebra. First, the University had not established an effective system for ensuring that it makes a mathematics placement determination for each student or for preventing students from enrolling in mathematics courses above their placement level. We noted that the University had not made, or could not document that it made, a placement determination for 20 (7.1%) of the 282 students who took intermediate algebra. Only 4 (20.0%) of the 20 students successfully completed the course. In addition, 25 (8.9%) of the 282 students inappropriately enrolled in intermediate algebra after being placed in the lower level elementary algebra course. Only 8 (32.0%) of the 25 students successfully completed the course.

In an attempt to ensure that students enrolled in mathematics courses at or below their placement level, faculty members from the mathematics department conducted a manual review of hard copy information related to each student's prior mathematics history, ACT scores, and University placement examination results. The University could improve this labor-intensive and somewhat ineffective control by utilizing its automated registration system to prevent students from registering for mathematics courses above their placement levels.

A second factor that may have contributed to the students' low success rate in intermediate algebra was the relative effectiveness of the University's mathematics placement examination at determining the most appropriate mathematics placement for students. We identified 7 students who correctly enrolled in

intermediate algebra after taking the University's placement examination; however, none of the 7 students successfully completed the course. Although these results do not provide conclusive evidence that the University's mathematics placement examination was ineffective, the results highlight a potential problem requiring further analysis by the University. There were many other factors that could have contributed to the students' low success rate in remedial mathematics courses, including ineffective instructors, inappropriate class size and content, unmotivated students, etc. However, to determine the exact causes, the University should conduct a comprehensive study of its remedial mathematics program.

The chairperson of the mathematics department informed us that he was aware of the low student success rate in remedial mathematics courses. However, he stated that the mathematics department had not undertaken a comprehensive study and analysis of the remedial mathematics program to determine the causes of students' low success rate nor had he attempted to implement any significant measures to improve student success.

RECOMMENDATION

We recommend that the University determine the causes of students' low success rate and implement measures to improve the student success rate in its remedial mathematics courses.

AGENCY PRELIMINARY RESPONSE

The University agrees that its automated registration system could be used more effectively to ensure that students do not enroll in mathematics courses above their placement level or without having taken the placement examination. The University also agrees to investigate the causes of students' low success rate in remedial mathematics courses and to adopt corrective measures as needed by adjusting placement examination cut-off scores, enhancing support and tutorial services, or both.

FINDING

2. Verbal Communication of Teaching Faculty

The University needs to enhance its efforts to ensure that the verbal communication of its teaching faculty members is sufficiently clear to be easily understood by students.

The University's role and mission statement emphasizes, among other things, the need to provide excellent and relevant instruction. To help achieve teaching excellence, the University should ensure that faculty members use clearly spoken English when teaching.

Recent annual appropriations acts have required the University to inform the House and Senate Fiscal Agencies of its efforts to ensure the English language oral proficiency of its teaching faculty. In a November 3, 1998 letter to the Fiscal Agencies, the University stated that its efforts primarily used the hiring process to help ensure that faculty had the verbal skills needed to communicate clearly. During this process, some job candidates were required to make oral presentations and/or teach a class. In addition, the University indicated that 1 of its 5 professional schools considered student course and faculty evaluations in its faculty promotion and tenure process. These evaluations survey students regarding faculty members' verbal communication skills.

To assess the effectiveness of these efforts in ensuring the clarity of faculty members' verbal communication, we reviewed the results of selected student course and faculty evaluations completed in the School of Business Administration (SBA) and the School of Engineering and Computer Science (SECS). SBA asked students whether the faculty member spoke clearly enough to be understood, and SECS asked students whether the faculty member developed and presented course material in a clear and organized manner. We reviewed the summary results of student course and faculty evaluations for 95 SBA and 66 SECS faculty members for academic year 2000-01. For 6 of the SBA faculty members tested, at least 26.7% of the responding students indicated that the faculty member's speech was unclear. There were also numerous written comments regarding these 6 faculty members' communication skills. For example, one student wrote that a faculty member's pronunciation of the English language made the faculty member hard to understand, and as a result, the student spent the majority of his time trying to understand the faculty member rather than trying to grasp the material being taught. We did not note any significant problems with the clarity of any of the SECS

faculty members' verbal communication. The following chart highlights the responses by SBA faculty member:

Faculty Member	Total Number of Evaluations Completed	Number of Evaluations Indicating Unclear Speech	Percent of Total Evaluations	Number of Classes	Range by Classes
Tenured/Tenure Track Faculty:					
1	120	53	44.2%	4	35.7 - 58.6%
2	46	13	28.3%	7	0.0 - 75.0%
3	113	58	51.3%	5	8.3 - 72.4%
4	148	62	41.9%	5	9.1 - 71.4%
Adjunct Faculty*:					
5	37	17	45.9%	1	45.9%
6	30	8	26.7%	1	26.7%

Although not included in the University's letter to the Fiscal Agencies, representatives from SBA informed us that SBA reviewed student course and faculty evaluations as part of its faculty promotion process. We noted that SBA had promoted all 4 of the tenured/tenure track faculty members identified in our table. There was no indication that the lack of clarity of the faculty members' speech had affected their advancement.

We discussed these findings with representatives from the SBA dean's office and applicable department chairpersons. They acknowledged that 2 of the 6 faculty members (numbers 1 and 3) spoke with an accent and that 1 of the 6 (number 4) mumbled and spoke with his head down. However, they did not feel that these conditions negatively impacted the clarity of the faculty members' verbal communication. Instead, they felt that students gave poor scores to 2 of the faculty members (numbers 1 and 4) because the faculty members were very demanding of students and to 1 faculty member (number 3) because they did not like his teaching methods. Consequently, neither the dean's office nor the department chairpersons had attempted to improve the verbal communication skills of these 3 or the other 3 faculty members.

* *See glossary at end of report for definition.*

RECOMMENDATION

We recommend that the University enhance its efforts to ensure that the verbal communication of its teaching faculty members is sufficiently clear to be easily understood by students.

AGENCY PRELIMINARY RESPONSE

The University concurs that the oral communication of its teaching faculty should be sufficiently clear to enable effective instruction. The University will remind new faculty search committees of its commitment to the House and Senate Fiscal Agencies to ensure an adequate level of English language oral proficiency among its teaching faculty, taking into account the difficulty of assessing oral proficiency, the need to deal with tenured faculty whose oral skills are deficient, and the need to balance this criterion with many others that apply to faculty hiring, review, and promotion.

FINDING

3. Academic Assessment Program

The University needs to improve the effectiveness of its academic assessment program.

In 1992, the University adopted an academic assessment program that included the establishment of the Oakland University Committee on Academic Assessment. The Assessment Committee was charged with implementing the University's academic assessment program, which mandated that each academic program develop and implement its own academic assessment plan and annually report the results of its assessment activities to the Assessment Committee and the applicable academic dean.

In February 1999, the North Central Association of Colleges and Schools (NCA) examined the University's academic assessment program as part of its comprehensive review of the University. Although NCA accredited the University, it noted, among other things, a significant lack of development and implementation of individual program assessment plans, a lack of academic administration support for the overall academic assessment program, and a lack of a feedback mechanism through which the assessment process resulted in needed curriculum changes.

To address the concerns cited in the NCA report and to enhance the quality of student learning, the University established the University Task Force on Assessment. The Task Force, which met from April 2000 through February 2001, made numerous recommendations for enhancing the University's academic assessment program. For example, the Task Force recommended the establishment of a more formal assessment structure that would provide for more and better trained individuals in the academic assessment program, provide greatly improved accountability by actively involving various academic administrators in the academic assessment program, and include a feedback mechanism necessary for effecting program improvement. Also, it made numerous recommendations for improving funding support for the academic assessment program. However, as of February 2002, the University had not implemented either the recommendations of the Task Force or other alternative measures that would eliminate or significantly reduce the identified weaknesses in the University's academic assessment program.

A well-developed and functioning academic assessment program is essential for maintaining and/or improving the quality of the University programs and ensuring the effective and efficient use of the University's financial resources.

RECOMMENDATION

We recommend that the University improve the effectiveness of its academic assessment program.

AGENCY PRELIMINARY RESPONSE

The University concurs that improvements need to be made in the academic assessment program, which is essential in maintaining and improving the quality of University programs and ensuring the effective and efficient use of the University's resources. The University informed us that plans are already in motion. A committee of the Oakland University Faculty Senate has enacted a University assessment plan and has been reviewing individual program assessment plans. By the end of academic year 2001-02, more than half of the University's academic programs had approved assessment plans in place. The Office of Institutional Research and Assessment has been empowered to monitor academic assessment. A faculty member has been retained for 100% teaching load reduction to provide technical support. The University also informed us that, to date, 178 faculty and staff members have been supported for travel to assessment

conferences and workshops. This activity will continue as the University prepares for the next NCA accreditation team revisit.

FINDING

4. Oversight of Public School Academies (PSAs)

The University should continue to improve its oversight of PSAs.

Section 380.502(4) of the *Michigan Compiled Laws* requires the University, as a PSA authorizing body, to provide oversight, directly or by contract, that is sufficient to ensure that it can certify that its PSAs are in compliance with applicable statutes, rules, and contract terms. In February 2001, the University contracted with a consultant to assess the PSAs' compliance with Sections 380.505(1), 380.1230, 380.1230a, and 380.1230b of the *Michigan Compiled Laws*, which require the PSAs to hire properly certified teachers, obtain State and federal criminal record checks of teachers and school administrators, and obtain checks of unprofessional conduct for all employees.

In both September and December 2001, the contractor visited the 7 PSAs chartered by the University and assessed the PSAs' compliance with the cited statutes. Our review of the report from the December 2001 assessment disclosed:

a. Five PSAs did not have documentation that a total of 13 (5.5%) of 236 individuals held the necessary teaching certificate or speech-language certification.

b. Six PSAs had not obtained or recently requested State criminal record checks for a total of 47 (18.1%) of 260 teachers and school administrators.

c. Six PSAs had not obtained or recently requested federal criminal record checks for a total of 44 (16.9%) of 260 teachers and school administrators.

d. Six PSAs had not obtained or recently requested unprofessional conduct checks for a total of 95 (22.7%) of 419 PSA employees.

To gain the PSAs' compliance with the cited statutes, the University forwarded the contractor's reports to the principal of each PSA. Although we noted improved

compliance between September and December 2001, the overall rate of noncompliance continued to be a significant problem. Therefore, the University should provide the reports to the board of directors of each PSA, which has the legal responsibility for ensuring compliance with all applicable laws. Further, the University should require full compliance with applicable laws prior to renewing its contracts with the PSAs.

Failure to conduct the required criminal record and unprofessional conduct checks could result in the employment of individuals who pose a risk to the students and employees of the PSA.

RECOMMENDATION

We recommend that the University continue to improve its oversight of PSAs.

AGENCY PRELIMINARY RESPONSE

The University concurs that it must continue to improve its oversight of PSAs. The University informed us that it has retained an external consultant to monitor staff verification, school scheduling, and other elements of PSA performance. As a result, the charter of one PSA has been revoked. Also, through its Office of Risk Management, the University will revisit the issue of worker's compensation requirements.

USE OF RESOURCES ALLOCATED TO SUPPORT ACADEMIC AND RELATED PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness and efficiency of the University's use of resources allocated to support academic and related programs.

Conclusion: We concluded that the University was generally effective and efficient in its use of resources allocated to support academic and related programs. However, we noted reportable conditions related to academic probation and dismissal, satisfactory academic progress for financial aid recipients, and Joint Capital Outlay Subcommittee approval.

FINDING

5. Academic Probation and Dismissal

The Academic Skills Center needs to improve its administration of the University's academic probation and dismissal policy to help ensure the effective use of the University's financial resources. In addition, the Center needs to improve its administration of its Probation Outreach and Dismissal Option Status (DOS) Programs.

The Academic Standing and Honors (ASH) Committee, a committee of the Oakland University Faculty Senate, established the University's academic probation and dismissal policy. This policy, which is published in the University's undergraduate catalog, requires that undergraduate and second degree-seeking students maintain a cumulative grade point average (GPA) of 2.0 or higher or be placed on academic probation. Also, it requires students who do not maintain a cumulative GPA above a pre-established minimum based upon the total number of University and transfer credits earned at the end of a probationary semester to be dismissed from the University. Further, the policy allows students dismissed after a probationary semester to appeal to the ASH Committee for a deferred dismissal. Students granted a deferred dismissal are placed into dismissal option status. Students in dismissal option status must earn a minimum semester GPA of 2.0 or higher until they return to good academic standing (earn a cumulative GPA of 2.0 or higher). Failure to earn a minimum semester GPA of 2.0 or higher while in dismissal option status will result in reactivation of the dismissal, an action that may not be appealed. In winter 1998, the ASH Committee gave the responsibility for administering the academic probation and dismissal policy to the Center.

The Center serves students on probation and in dismissal option status in its Probation Outreach and DOS Programs, respectively. Each of these programs are designed to provide academic support to students and require, among other things, that students meet with a program representative to obtain a registration hold release and sign a contract agreeing to various programmatic terms and conditions.

We reviewed the records for 20 (10.8%) of the 185 students who entered the University in fall semester 1999 and who did not earn a GPA of 2.0 or higher

during that semester and a cumulative GPA of 2.0 or higher at the end of winter semester 2000. We noted:

a. The Center inappropriately rescinded dismissals for 9 of the 20 students:

(1) The Center inappropriately rescinded one or more dismissals for 8 students who had a cumulative GPA at the end of a probationary semester below the minimum standard established in the academic probation and dismissal policy. For 1 of the 8 students, the director of the Center rescinded a dismissal after the ASH Committee had denied the student's appeal. Two of the students have returned to good academic standing, 2 dropped out of and 1 was dismissed from the University, 1 continued on probation, and 1 was in dismissal option status. We could not determine the academic status of 1 student. The director of the Center informed us that it was the Center's practice to rescind the dismissal of students who had attempted less than 24 credit hours at the University, earned a GPA of 2.0 or higher during their probationary semester, or actively worked with the Center during their probationary semester. However, our review disclosed that the Center had not consistently applied these policy deviations.

We discussed the Center's practices with the chairman of the ASH Committee. The chairman informed us that he had no knowledge of these practices and stated that the Center did not have authority to deviate from the University's established policy.

(2) The Center inappropriately rescinded the dismissal of the 1 student in dismissal option status who did not earn a semester GPA of 2.0 or higher. At the end of the student's last completed semester, the student had a cumulative GPA of 1.85 and was still in dismissal option status.

b. The Center either could not locate or did not obtain one or more Probation Outreach or DOS Program contracts for 4 of the 20 students. In addition, students generally did not complete the various tasks aimed at improving their academic performance that they agreed to in the Probation Outreach or DOS Program contracts.

In its 1999-2000 annual report, the Center noted that at the end of winter semester 1997, 50%, 29%, and 21% of students served in the Probation Outreach Program returned to good standing, continued on probation, and were dismissed, respectively. In contrast, at the end of winter semester 2000, only 22% of students returned to good standing, while 66% and 12% continued on probation and were dismissed, respectively. The large decrease in the percentage of students returning to good academic standing may be related to the Center's failure to ensure that all probationary students sign a Probation Outreach Program contract and that students comply with the terms of the contracts that are completed. The decrease in the percentage of students dismissed from the University most likely resulted from the Center rescinding the dismissal of many students (see item a).

c. The University's automated registration system contained inaccurate academic standing information for 3 of the 20 students. Two of the 3 students were inaccurately considered to be in good academic standing but should have been on probation and in dismissal option status, respectively. The other student was inaccurately considered to be on probation but should have been in dismissal option status. Two of the 3 students were continuing to take classes at the University, and 1 student had dropped out. We could not determine if faulty programming language in the automated registration system caused the classification errors or if they resulted from a manual change to the registration system.

During fiscal year 2000-01, student tuition and fees accounted for approximately 33% of the University's revenue. The remainder of the University's revenue was provided by State appropriations, gifts/grants, and other sources. To help ensure that its limited financial resources are used effectively, the University should ensure that students are making satisfactory progress toward earning a degree or be dismissed.

RECOMMENDATIONS

We recommend that the Center improve its administration of the University's academic probation and dismissal policy to help ensure the effective use of the University's resources.

We also recommend that the Center improve its administration of its Probation Outreach and DOS Programs.

AGENCY PRELIMINARY RESPONSE

The ASH Committee, in fall 2002, will seek approval from the University's Faculty Senate for an academic probation and dismissal policy that is consistent with current best practices. The University informed us that, in the interim, the Center's staff is implementing the policy as it is currently worded in the Oakland University 2001-2002 Undergraduate Catalog.

Center staff responsibilities have been reassigned to provide more follow-up contact for probation and dismissal option status students who do not complete contracts and/or do not complete assigned tasks in the contracts. In addition, a section of a collegiate communication course is now being offered to all FTIAC students who are placed on probation after their first semester at the University. The University also informed us that the Center is continuing to inform students on probation that noncompliance with the Probation Outreach Program will result in Center staff denying support if they are dismissed from the University and they appeal that dismissal. The Center also continues to place registration holds on students who are on probation and in dismissal option status that cannot be removed until the students obtain clearance from the Center.

FINDING

6. Satisfactory Academic Progress for Financial Aid Recipients

The University did not apply some of the requirements of its published satisfactory academic progress (SAP) policy for financial aid recipients. As a result, the University is at risk of having to repay to the United States Department of Education (USDOE) those Title IV federal financial aid program funds granted to students not meeting the requirements of the University's published SAP policy. In addition, the University's published SAP policy did not include and comply with some USDOE requirements necessary for participation in Title IV programs.

The University participates in various Title IV federal financial aid programs, such as the Federal Pell Grant, College Work Study, and Supplemental Educational Opportunity Grant Programs. To participate in these programs, the USDOE requires that institutions establish and publish a SAP policy that applies reasonable

standards for measuring whether students are maintaining satisfactory academic progress. Title 34, Part 668 of the *Code of Federal Regulations (CFR)* allows each participating institution to establish its own SAP policy. However, the USDOE requires that the policy contain a qualitative component consisting of grades or other factors measured against a norm and a quantitative component consisting of a maximum time frame in which students must complete their educational program. Once established, the USDOE requires each institution to strictly comply with its published SAP policy. Our review of the University's published SAP policy and its Financial Aid Office's (FAO's) related implementation disclosed:

a. FAO placed financial aid recipients earning a cumulative GPA of less than 2.0 (the minimum required for satisfactory academic progress), but greater than or equal to 1.70, on "auto-probation." Notwithstanding other disqualifiers, students on "auto-probation" were automatically eligible to receive financial aid during a subsequent semester. FAO informed us that it placed 29 students on "auto-probation" in academic year 2000-01. The University's published SAP policy does not address "auto-probation." Instead, the SAP policy requires all students becoming ineligible for financial aid for academic reasons, but desiring continued financial aid, to complete enough course credits at their own expense to make up any GPA or credit deficiency. However, it allows students with unusual circumstances preventing them from making satisfactory progress to file an appeal for continued financial aid with the University's Academic Progress Review Committee (APRC). APRC is required to evaluate the merits of each appeal based upon a review of the student's academic history and written reasons for unsatisfactory academic progress. However, contrary to this policy requirement, it was generally the practice of APRC to give approval to first-time appeals. FAO informed us that APRC approved 259 (97.7%) of 265 first-time appeals in academic year 2000-01.

   Federal regulations allow the University to establish a SAP policy that automatically grants a probationary semester and continued financial aid funding to students not meeting SAP policy requirements. Therefore, if it is the University's desire to continue this practice, it should change its SAP policy accordingly.

b. FAO's application of the University's SAP policy provided some transfer students with more time than other students in meeting the quantitative component of the policy, a practice prohibited by the USDOE. For example, full-time students with 20 to 27 transfer credits would meet the quantitative component of the University's SAP policy at the end of their first academic year even if they did not earn any credit hours during this period. In contrast, a new freshman student attending the University full time would need to earn 20 credit hours during the first academic year to meet the quantitative component of the University's SAP policy.

c. The University's published SAP policy did not address the effect of course incompletes, withdrawals, or repetitions on satisfactory academic progress, as required by federal regulation 34 *CFR* 668.16(e)(2)(ii)D).

RECOMMENDATIONS

We recommend that the University apply all of the requirements of its published SAP policy for financial aid recipients.

We also recommend that the University make the necessary changes to its published SAP policy to include and comply with all USDOE requirements necessary for participation in Title IV programs.

AGENCY PRELIMINARY RESPONSE

The University concurs with the recommendations. The University informed us that it has convened a committee to review the University's SAP policies and procedures. Any policy changes that emerge will be forwarded to the Oakland University Board of Trustees for approval, and any procedural changes will be enacted immediately. The University also informed us that the new published policy will comply with all USDOE requirements necessary for participation in Title IV programs.

FINDING

7. Joint Capital Outlay Subcommittee (JCOS) Approval

The University did not obtain JCOS approval for two non-State-funded capital outlay projects exceeding $1 million before proceeding with capital outlay construction.

Recent annual capital outlay appropriations acts require that universities obtain JCOS approval prior to starting non-State-funded capital outlay projects exceeding $1 million. This includes both new construction and renovation projects. To aid in assessing the propriety of proposed projects, JCOS requires that universities submit a project use and financing statement describing the need for the project, the estimated construction and operating costs, and the anticipated project revenue. Non-State-funded projects not receiving JCOS approval are not eligible for future State operational funding.

In August 1995, the Oakland University Board of Trustees approved a major renovation to the entry of Meadow Brook Hall. The project was completed June 12, 2001 at a cost of approximately $2.1 million. In December 2000, the Oakland University Board of Trustees approved a project for a primary electric power upgrade. As of October 31, 2001, the University had expended approximately $1.1 million on this ongoing project. The University's campus facilities and operations department, which was administering this project, was unaware of the requirement to submit a use and financing statement to JCOS. Upon learning of the requirement, the University promptly submitted a use and financing statement to JCOS.

RECOMMENDATION

We recommend that the University obtain JCOS approval for all non-State-funded capital outlay projects exceeding $1 million before proceeding with capital outlay construction.

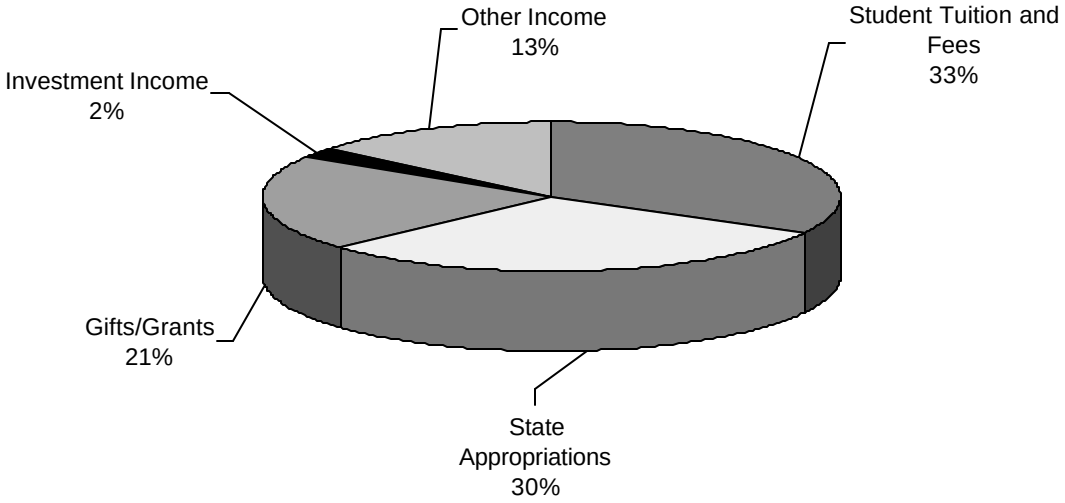
AGENCY PRELIMINARY RESPONSE

The University concurs with the recommendation and has submitted project use and financing statements on all ongoing projects. Also, the University will also institute a proactive procedure to ensure that approval is obtained on all future projects.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit 1

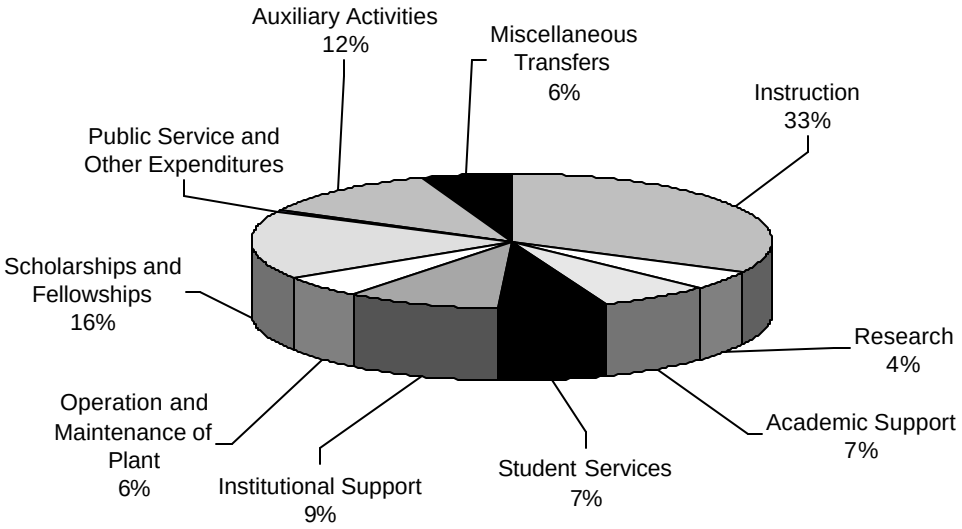
OAKLAND UNIVERSITY
Current Fund Revenues
For Fiscal Year 2000-01



	Amount
Student tuition and fees	$ 58,514,000
State appropriations	52,951,000
Gifts/Grants	36,846,000
Investment income	3,906,000
Other income	23,655,000
Total Revenues	$175,872,000

Source: Oakland University financial statements.

OAKLAND UNIVERSITY
Current Fund Expenditures and Transfers
For Fiscal Year 2000-01



	Amount
Instruction	$ 56,463,000
Research	7,383,000
Academic support	11,944,000
Student services	11,350,000
Institutional support	16,092,000
Operation and maintenance of plant	9,644,000
Scholarships and fellowships	28,117,000
Public service and other expenditures	788,000
Auxiliary activities	20,105,000
Miscellaneous transfers	9,735,000
Total Expenditures and Transfers	$ 171,621,000

Source: Oakland University financial statements.

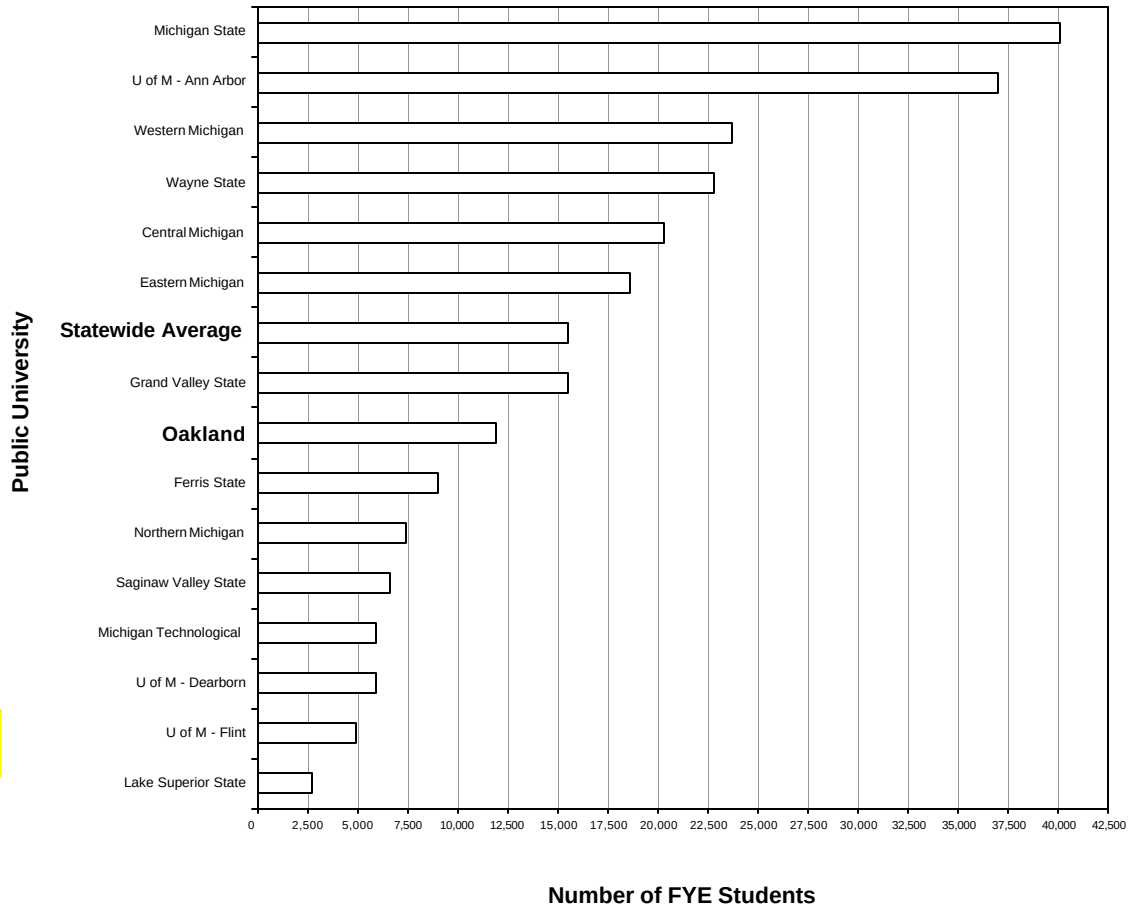
UNAUDITED

Exhibit 3

OAKLAND UNIVERSITY

Statewide Enrollment by Public University

For Fiscal Year 2000-01



Source: Higher Education Institutional Data Inventory (HEIDI) data.

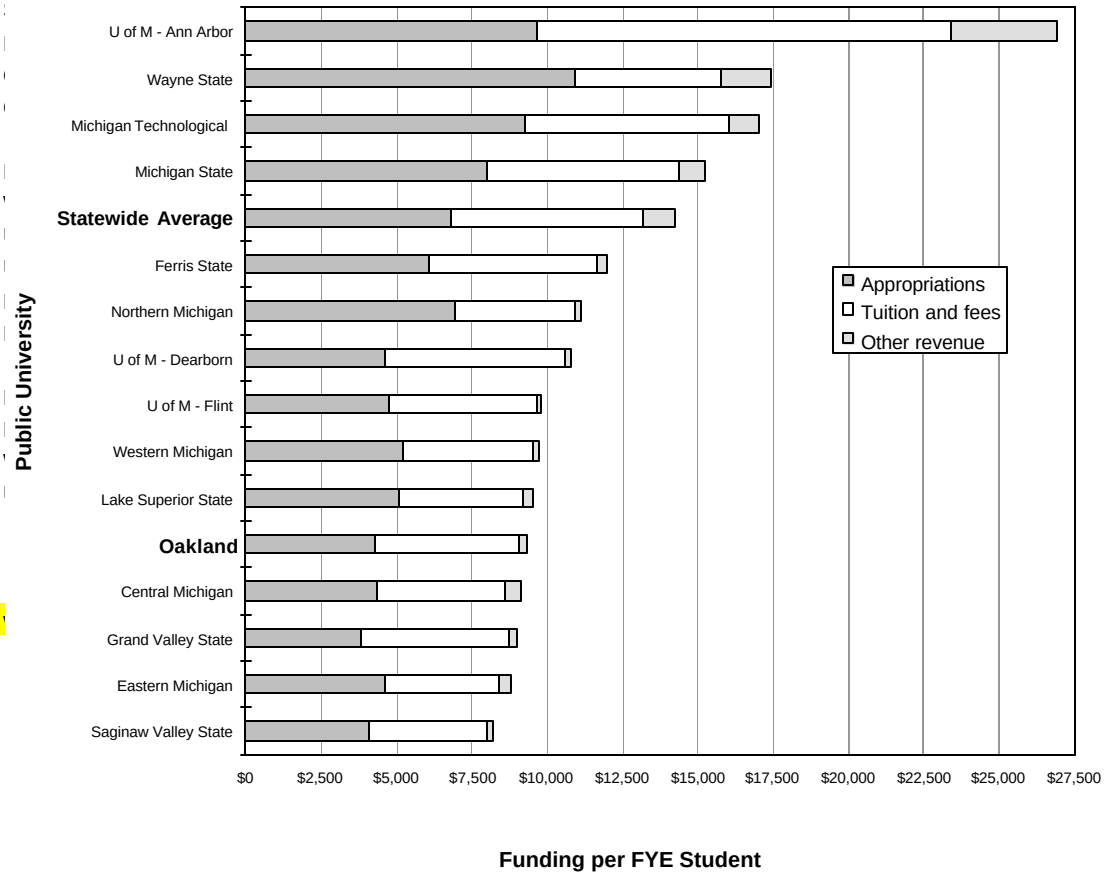
UNAUDITED

Exhibit 4

OAKLAND UNIVERSITY

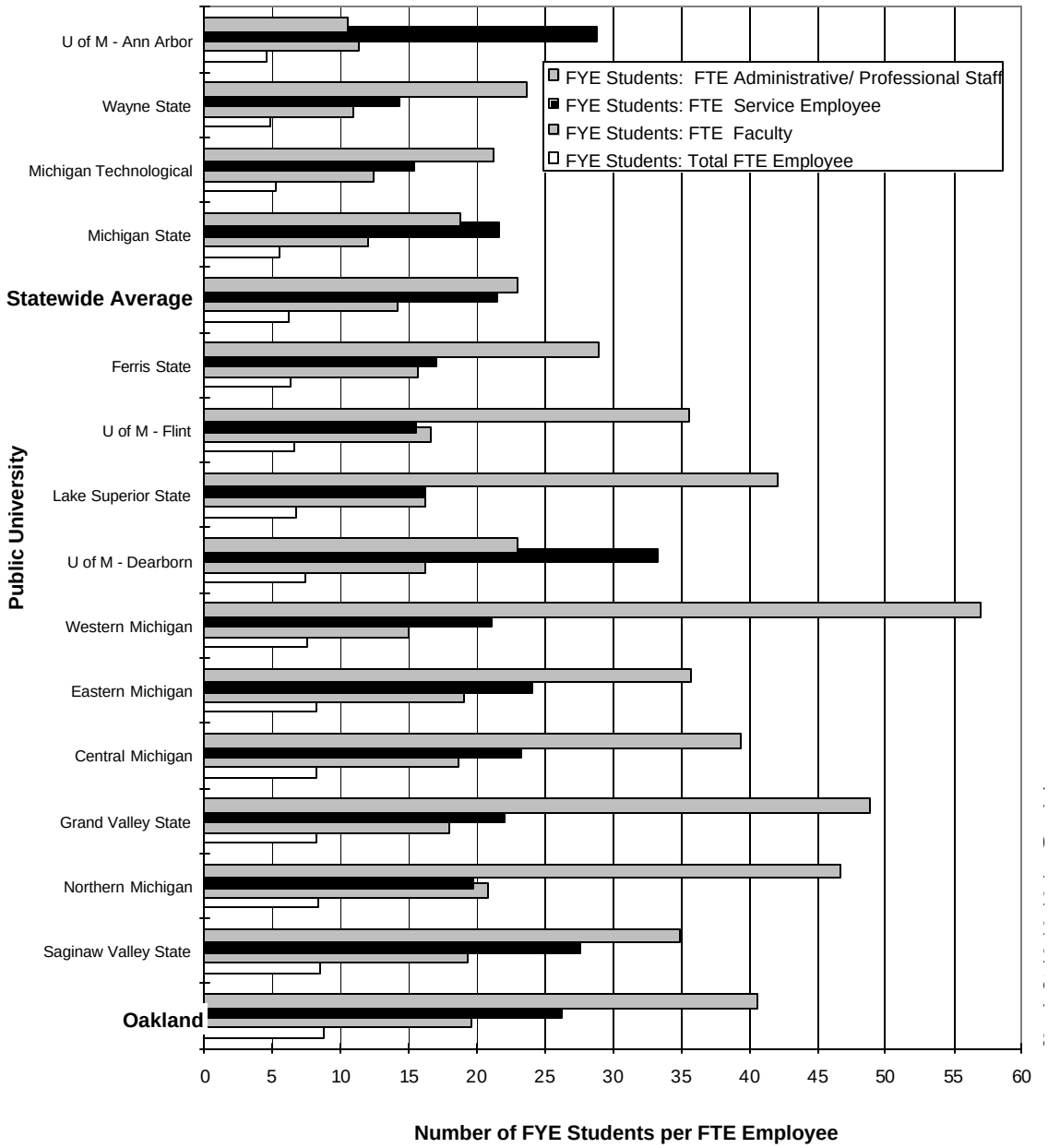
Per Student Funding From General Fund Sources by Public University

For Fiscal Year 2000-01



Source: Higher Education Institutional Data Inventory (HEIDI) data.

OAKLAND UNIVERSITY
Number of Students per Employee by Public University
For Fiscal Year 2000-01



Source: Higher Education Institutional Data Inventory (HEIDI) data.

Glossary of Acronyms and Terms

academic progress	The progression toward completion of course work required for a degree.
adjunct faculty	Supplemental instructors appointed on an annual or shorter basis.
APRC	Academic Progress Review Committee.
ASH Committee	Academic Standing and Honors Committee.
CFR	*Code of Federal Regulations*.
current fund expenditures	Expenditures incurred for current operations, including expenditures of general, designated, expendable restricted, and auxiliary funds.
current fund revenues	Revenues generated from current operations, including general, designated, expendable restricted, and auxiliary fund revenues.
DOS Program	Dismissal Option Status Program.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
FAO	Financial Aid Office.
fiscal year equated (FYE)	In fiscal year 1999-2000, 30 undergraduate semester credit hours, based on a new State reporting requirement; in prior fiscal years, 31 semester credit hours.

FTE	full-time equated.
FTIAC	first time in any college.
GPA	grade point average.
JCOS	Joint Capital Outlay Subcommittee.
management control	The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported; and resources are safeguarded against waste, loss, and misuse.
minimum class enrollment	The class enrollment level below which the University evaluates whether it is in the best interest of the University to hold the class.
mission	The agency's main purpose or the reason that the agency was established.
NCA	North Central Association of Colleges and Schools.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
PSA	public school academy.

remedial mathematics course	A basic mathematics course designed to correct a student's academic deficiencies prior to enrollment in college level courses.
repetitive course enrollment	To enroll in a subsequent semester in the same course that a student previously has been enrolled in.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
SAP	satisfactory academic progress.
SBA	School of Business Administration.
SECS	School of Engineering and Computer Science.
USDOE	United States Department of Education.