

PERFORMANCE AUDIT  
OF  
WEST SHORE COMMUNITY COLLEGE

June 2001

## EXECUTIVE DIGEST

# WEST SHORE COMMUNITY COLLEGE

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**INTRODUCTION** This report, issued in June 2001, contains the results of our performance audit\* of West Shore Community College.

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**AUDIT PURPOSE** This performance audit was conducted under the authority of Section 204(2), Act 109, P.A 1999 (a section of the community college appropriations act), which mandates that the Auditor General conduct not less than three performance audits of community colleges each year.

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**BACKGROUND** West Shore Community College is a public two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The College district includes the school districts of Bear Lake, Free Soil, Kaleva-Norman-Dickson, Ludington, Manistee, Mason County Central, Mason County Eastern, Onekama, Walkerville, Wear-Crystal (K-8), and Wear (K-8).

The College, established in 1967, operates under the authority of Sections 389.1 - 389.195 of the *Michigan Compiled Laws*, commonly known as the Community College Act of 1966. It is governed by a Board of Trustees, consisting of seven members elected at-large by the voters of the College district for six-year terms of office.

\* See glossary at end of report for definition.

The College's vision statement states, "West Shore Community College, in its pursuit of excellence, lights the pathway to a future of learning, innovation, community service and economic growth." The College's mission\* is to pursue excellence through visionary and principled leadership and team empowerment by: delivering high-quality, affordable educational services with student learning as its highest priority; developing powerful partnerships with other educational organizations; optimizing student success; supporting diversity and heightened global awareness through special programs and ongoing academic instruction; creating open and direct avenues through which emerging technology is made accessible and effective for students, community, and self; providing cultural and social opportunities for community enrichment through cultural arts, recreational activities, and lifelong learning; participating actively in its districts' economic development; and anticipating and meeting workforce needs of business and industry.

For the fiscal year ended June 30, 2000, the College reported current fund revenue (general, auxiliary activities, and restricted funds) of \$10,234,946; expenditures and transfers of \$11,213,965; and enrollment of 738 fiscal year equated students\*. As of September 30, 2000, the College employed 28 full-time faculty, 50 part-time faculty, and 76 full-time and part-time administrative and support personnel.

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**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess the effectiveness of the College's admission and monitoring practices to help students successfully complete their classes and programs.

\* See glossary at end of report for definition.

**Conclusion: The College's admission and monitoring practices were somewhat effective in helping students successfully complete their classes and programs.** Our assessment disclosed reportable conditions\* related to student recruiting and retention and college-level course enrollments (Findings 1 and 2).

**Noteworthy Accomplishments:** The College has developmental education and special populations programs that provide a broad range of support services to students, including tutorial assistance for all students who seek help and specialized services for the College's disadvantaged students. The special populations program provides for the unique needs of each individual student in order to help ensure academic and personal success.

**Audit Objective:** To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.

**Conclusion: The College was generally effective in its efforts to evaluate the quality of its educational programs.** However, our assessment disclosed a reportable condition related to the evaluation of the quality of educational programs (Finding 3).

**Noteworthy Accomplishments:** The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1974 and has retained its accreditation without interruption to the present. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and

\* See glossary at end of report for definition.

certification examination results, establishing advisory committees for its occupational programs, and performing faculty evaluations.

The College has a student outcomes assessment plan that is based on total quality management principles. The College uses the nationally "normed" National Occupational Competency Testing Institute student outcomes assessment test. All students graduating from the occupational programs must take this occupational proficiency test. Scores from these tests are used to compare how the College's students do in relation to national averages to help ensure that students are learning the minimum skills needed for success in their chosen careers. A second use of the test information is to improve student outcomes by improving the instructional systems in the College's occupational programs. The College applies total quality management tools to analyze the test results and develop program improvement plans for the coming year. Over the last several years, student outcomes have improved in many of the College's occupational programs. For example, in the accounting department, the points missed on the test were reduced by as much as 65% from 1993 to 1998.

**Audit Objective:** To assess the effectiveness of the College's efforts to use its educational program resources effectively\* and efficiently\*.

**Conclusion:** **The College was generally effective and efficient in its use of resources for educational programs.** However, our assessment disclosed reportable conditions related to minimum class enrollment,

\* See glossary at end of report for definition.

repetitive course enrollments, and faculty release time. (Findings 4 through 6).

**Audit Objective:** To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.

**Conclusion:** The College's recent capital outlay request and related five-year comprehensive planning documents were relevant and accurate.

**Audit Objective:** To determine whether the College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.

**Conclusion:** The College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.

**Audit Objective:** To determine whether the College's methods of allocating operating and service costs from the general fund\* for various self-liquidating and auxiliary activities were equitable.

**Conclusion:** The College's methods for allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities were equitable.

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AUDIT SCOPE AND  
METHODOLOGY

Our audit scope was to examine the program and other records of West Shore Community College. Our audit was

\* See glossary at end of report for definition.

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.

The financial statements of West Shore Community College are audited annually by a public accounting firm engaged by the College.

Our review and testing of the College's records and procedures were primarily for the period October 1, 1997 through September 30, 2000.

We reviewed the College's admission process, enrollment trends, and its efforts to recruit and retain students. Also, we evaluated the methods used for monitoring student progress and analyzed the academic assessment and placement process.

We assessed the College's efforts to evaluate the quality of its educational programs. We reviewed the methods used by the College to periodically assess the job training needs of the community's employers and determined whether the College had established procedures for evaluating and obtaining accreditation of its programs.

We evaluated the effectiveness of the College's efforts to use its educational resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments and minimum class enrollments. In addition, we reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements.

We reviewed the College's most recent request for capital outlay funding and related five-year comprehensive planning documents. We also reviewed selected financial transactions reported by the College. In addition, we reviewed the College's allocation of operating and service costs paid by the general fund for various auxiliary activities.

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**AGENCY RESPONSES**

Our audit report contains 6 findings and 8 corresponding recommendations. The College's preliminary response indicated that it generally agrees with all 8 recommendations.

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June 11, 2001

Mr. Ronald M. Wood, Chairman  
Board of Trustees  
and  
Dr. Charles T. Dillon, President  
West Shore Community College  
Scottville, Michigan

Dear Mr. Wood and Dr. Dillon:

This is our report on the performance audit of West Shore Community College.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the College'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

AUDITOR GENERAL

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## Description of Agency

West Shore Community College is a public two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The College district includes the school districts of Bear Lake, Free Soil, Kaleva-Norman-Dickson, Ludington, Manistee, Mason County Central, Mason County Eastern, Onekama, Walkerville, Wear-Crystal (K-8), and Wear (K-8).

The College, established in 1967, operates under the authority of Sections 389.1 - 389.195 of the *Michigan Compiled Laws*, commonly known as the Community College Act of 1966. It is governed by a Board of Trustees, consisting of seven members elected at-large by the voters of the College district for six-year terms of office.

The College's vision statement states, "West Shore Community College, in its pursuit of excellence, lights the pathway to a future of learning, innovation, community service and economic growth." The College's mission is to pursue excellence through visionary and principled leadership and team empowerment by: delivering high-quality, affordable educational services with student learning as its highest priority; developing powerful partnerships with other educational organizations; optimizing student success; supporting diversity and heightened global awareness through special programs and ongoing academic instruction; creating open and direct avenues through which emerging technology is made accessible and effective for students, community, and self; providing cultural and social opportunities for community enrichment through cultural arts, recreational activities, and lifelong learning; participating actively in its districts' economic development; and anticipating and meeting workforce needs of business and industry.

The College receives its financial support from local property taxes assessed against property in the district, student tuition and fees, appropriations from the State of Michigan, and other miscellaneous income. For the fiscal year ended June 30, 2000, the College reported current fund revenue (general, auxiliary activities, and restricted funds) of \$10,234,946; expenditures and transfers of \$11,213,965; and enrollment of 738 fiscal year equated students. As of September 30, 2000, the College employed 28 full-time faculty, 50 part-time faculty, and 76 full-time and part-time administrative and support personnel.

## Audit Objectives, Scope, and Methodology and Agency Responses

### Audit Objectives

Our performance audit of West Shore Community College had the following objectives:

1. To assess the effectiveness of the College's admission and monitoring practices to help students successfully complete their classes and programs.
2. To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.
3. To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.
4. To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.
5. To determine whether the College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.
6. To determine whether the College's methods of allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities were equitable.

### Audit Scope

Our audit scope was to examine the program and other records of West Shore Community College. 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.

The financial statements of West Shore Community College are audited annually by a public accounting firm engaged by the College.

## Audit Methodology

Our fieldwork was performed during August 2000 through November 2000. Our review and testing of the College's records and procedures were primarily for the period October 1, 1997 through September 30, 2000.

To accomplish our first objective, we reviewed the College's admission process and evaluated the methods used by the College for enrolling students in developmental courses\* and for monitoring student progress. We analyzed the College's academic assessment and placement process by reviewing students enrolled at the College during the period from fall semester 1997 through summer semester 2000. Also, we reviewed enrollment trends and the College's efforts to recruit and retain students.

To accomplish our second objective, we assessed the College's efforts to evaluate the quality of its educational programs. We analyzed the College's efforts to obtain results of licensing and certification examinations and processes used to contact employers of graduates and four-year colleges and universities to determine if the training provided by the College was adequate. Also, we reviewed the methods used by the College to periodically assess the job training needs of the community's employers. In addition, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs. Further, we determined whether the College had established procedures to review supplemental outside employment of its faculty and staff.

To accomplish our third objective, we evaluated the effectiveness of the College's efforts to use its educational program resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments and minimum class enrollments. Also, we assessed the College's use of classrooms and faculty, including the assignment of release time. In addition, we reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements.

To accomplish our fourth objective, we reviewed the relevancy and accuracy of the College's most recent request for capital outlay funding and related five-year comprehensive planning documents submitted to the Department of Management of Budget.

\* See glossary at end of report for definition.

To accomplish our fifth objective, we reviewed selected financial transactions to determine whether the College reported them in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.

To accomplish our sixth objective, we reviewed the College's allocation of operating and service costs to the general fund for various self-liquidating and auxiliary activities.

### Agency Responses

Our audit report contains 6 findings and 8 corresponding recommendations. The College's preliminary response indicated that it generally agrees with all 8 recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency'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 House and Senate Appropriations Committees, the House and Senate Fiscal Agencies, the Michigan Department of Career Development, the Auditor General, and the Department of Management and Budget. 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's recommendations.

# COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

## STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

### COMMENT

**Audit Objective:** To assess the effectiveness of West Shore Community College's admission and monitoring practices to help students successfully complete their classes and programs.

**Conclusion:** The College's admission and monitoring practices were somewhat effective in helping students successfully complete their classes and programs. Our assessment disclosed reportable conditions related to student recruiting and retention and college-level course enrollments.

**Noteworthy Accomplishments:** The College has developmental education and special populations programs that provide a broad range of support services to students, including tutorial assistance to all students who seek help and specialized services for the College's disadvantaged students. The special populations program provides for the unique needs of each individual student in order to help ensure academic and personal success.

### FINDING

#### 1. Student Recruiting and Retention

The College should improve its enrollment management efforts to effectively recruit and retain credit students\*.

The College is a post-secondary educational institution that serves both credit students and noncredit students\*. Students taking credit courses generate fiscal year equated student (FYES) enrollments, which are an important factor used in computing State funding for the College. Also, credit courses usually generate tuition revenue for the College. Noncredit courses do not generate FYES

\* See glossary at end of report for definition.

enrollments, are not considered in determining State funding for the College, and usually do not generate tuition revenue. For the fiscal year ended June 30, 2000, the College received approximately 31% and 18% of its general fund revenue from the State and tuition, respectively. Therefore, effective recruiting and retaining of credit students will help to maintain the fiscal well-being of the College. It will also help the College as it strives to deliver high-quality, affordable educational services with student learning as its highest priority.

Our review of the College's reported activities classification structure (ACS) data\* for student enrollment patterns and other related information disclosed:

- a. Of the 473 credit students who enrolled for the first time in fall semester 1999, 179 (38%) reenrolled for fall semester 2000. Also, 218 (54%) of the 405 credit students who enrolled for the first time in fall semester 1998 reenrolled for fall semester 1999.
- b. The number of degrees that the College granted in fall and spring semesters combined decreased 36% from fall semester 1995 and spring semester 1996 to fall semester 1999 and spring semester 2000.
- c. The following tables show student headcount and credit hour enrollment patterns for the last five years:

Spring Semester	Student Headcount	Percent of Change	Credit Hours	Percent of Change
1996	1,511		12,796	
1997	1,373	(9%)	11,925	(7%)
1998	1,255	(9%)	10,323	(13%)
1999	1,194	(5%)	10,217	(1%)
2000	1,317	10%	10,727	5%
Change from 1996 to 2000		(13%)		(16%)

\* See glossary at end of report for definition.

Summer Semester	Student Headcount	Percent of Change	Credit Hours	Percent of Change
1996	314		1,335	
1997	327	4%	1,303	(2%)
1998	261	(20%)	1,116	(14%)
1999	322	23%	1,284	15%
2000	380	18%	1,693	32%
Change from 1996 to 2000		21%		27%

Fall Semester	Student Headcount	Percent of Change	Credit Hours	Percent of Change
1996	1,452		12,509	
1997	1,459	0%	11,465	(8%)
1998	1,338	(8%)	11,224	(2%)
1999	1,310	(2%)	11,118	(1%)
2000	1,321	1%	11,282	1%
Change from 1996 to 2000		(9%)		(10%)

- d. The College's FYES enrollment for fiscal year 1998-99 was the lowest of the State's 28 community colleges. Between fiscal years 1995-96 and 1998-99, the College's FYES enrollment declined 12%, from 828 for 1995 to 727 for 1999. In comparison, the State's other three smallest community colleges (Gogebic, Kirtland, and Montcalm) also had similar FYES enrollment declines of 15%, 13%, and 12%, respectively, for the same period. However, the eight smallest community colleges (Group 1\*, excluding the College) had a combined FYES enrollment decrease of only 3% during the same period. For fiscal year 1999-2000, the College's FYES enrollment increased 2% to 738.
- e. The College's unduplicated fiscal year headcount of noncredit students decreased 26% from fiscal year 1995-96 to fiscal year 1999-2000. In fiscal year 1999-2000, noncredit students accounted for 39% of the College's total

\* See glossary at end of report for definition.

headcount. The following table shows the fiscal year noncredit headcount data for the last five years:

<u>Fiscal Year</u>	<u>Noncredit Headcount</u>	<u>Percentage of Total Headcount</u>
1995-96	1,273	56%
1996-97	1,374	55%
1997-98	1,147	47%
1998-99	786	36%
1999-2000	946	39%

- f. The College's institutional goals have included the research and development of new strategies to increase enrollment and retain students. One strategy is to implement a marketing plan to attract and retain students. However, the College had not updated its marketing plan since fiscal year 1997-98 and had not assessed its actual marketing activities since fiscal year 1996-97. The College was in the process of developing a new marketing plan for fiscal year 2000-01.

The College informed us that several factors, such as a robust economy, opportunities for welfare recipients, and job training initiatives, have impacted enrollment. For example, from calendar year 1995 through calendar year 1999, unemployment rates for the counties served by the College decreased 42% from 10.7% for 1995 to 6.2% for 1999. Many factors can affect a college's ability to attract and retain new students. However, the College's decline in credit course enrollments occurred even though the College had an open-door enrollment policy and reasonable tuition rates. Also, the College is located in a geographical area with limited competition from other post-secondary educational institutions.

**RECOMMENDATION**

We recommend that the College improve its enrollment management efforts to effectively recruit and retain credit students.

**AGENCY PRELIMINARY RESPONSE**

The College generally agrees with the audit recommendation and informed us that it has aggressively worked toward updating its marketing plan. The College

informed us that it has created a marketing team with members of both the faculty and staff that has spent the past six months updating the marketing plan. An outside marketing consultant was brought to the College and trained administrators, faculty, and staff and assisted in creating four targeted marketing plans. The College will implement the marketing plans and then continue to monitor and assess them in order to improve the recruitment and retention of students.

## **FINDING**

### **2. College-Level Course Enrollments**

The College should improve its management oversight of college-level course enrollments. Effective oversight includes ensuring that proper approvals are obtained and related documentation is retained to support the academic competency of certificate and degree-seeking students who enroll in college-level courses.

The College's enrollment policy requires that all incoming declared or undecided certificate or degree-seeking students, with some exceptions, complete placement testing for reading, English, and mathematics. Students whose test scores reveal low competencies must complete the related developmental courses as prerequisites for certain college-level English and mathematics courses. The College offers developmental courses in reading, writing, and mathematics that are intended to help students overcome identified weaknesses, thereby increasing the students' chances of academic success.

To track students' academic competency and progress, the College uses an automated information system, the AS400\*. The AS400 contains assessment test scores and related placement, eligibility, and source codes that help assist College staff in identifying which courses a student is eligible to enroll in. Student Services staff generally enter this information into the AS400.

\* See glossary at end of report for definition.

Our review of AS400 and related student performance data disclosed:

- a. The College could not substantiate the eligibility of numerous students who enrolled in college-level courses.

We identified 75 degree-seeking students, who first enrolled at the College during the period from fall semester 1997 through summer semester 2000, who had low or no assessment scores on the AS400 and who enrolled in a college-level English and/or mathematics course without completing an appropriate developmental course. In response to our request, the College documented that 35 (47%) of these 75 students had demonstrated academic competency prior to enrolling in a college-level course. The College was unable to document academic competency for 40 (53%) of the students.

- b. The College's internal control was not effective for processing AS400 "exception" entries.

The AS400 did not produce management reports when College staff processed academic competency exception entries, and staff did not retain formal or informal documentation that may have authorized the 40 students to enroll in college-level courses. As a result, these exception entries effectively overrode a key management control designed to monitor student academic competency.

- c. Twenty-eight (70%) of the 40 students noted in item a. passed a college-level English or mathematics course with a "C" grade or higher. In contrast, during the period from fall semester 1997 through summer semester 2000, we identified 179 students who completed a developmental course prior to enrolling in a college-level English or mathematics course and noted that 145 (81%) passed with a "C" grade or higher. In the 1998-99 academic school year, the College reported that 85% of students determined to be academically competent and not required to take a developmental course had a passing grade of "C" or better in college-level English or mathematics courses.

While this comparison may not be conclusive, based on an override action, it may have been expected that the 40 students determined to be academically competent would have a passing rate at least equal to students who were required to complete a developmental course.

## **RECOMMENDATION**

We recommend that the College improve its management oversight of college-level course enrollments.

## **AGENCY PRELIMINARY RESPONSE**

The College agrees in general with the audit recommendation. The College will review its management oversight concerning college-level course enrollments and will review and improve its internal control with regard to processing exceptions on the AS400.

# **EFFORTS TO EVALUATE THE QUALITY OF EDUCATIONAL PROGRAMS**

## **COMMENT**

**Audit Objective:** To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.

**Conclusion:** **The College was generally effective in its efforts to evaluate the quality of its educational programs.** However, our assessment disclosed a reportable condition related to the evaluation of the quality of educational programs.

**Noteworthy Accomplishments:** The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1974 and has retained its accreditation without interruption to the present. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and performing faculty evaluations.

The College has a student outcomes assessment plan that is based on total quality management principles. The College uses the nationally "normed" National Occupational Competency Testing Institute student outcomes assessment test. All students graduating from the occupational programs must take this occupational proficiency test. Scores from these tests are used to compare how the College's students do in relation to national averages to help ensure that students are learning the minimum skills needed for success in their chosen careers. A second use of the test

information is to improve student outcomes by improving the instructional systems in the College's occupational programs. The College applies total quality management tools to analyze the test results and develop program improvement plans for the coming year.

Over the last several years, student outcomes have improved in many of the College's occupational programs. For example, in the accounting department, the points missed on the test were reduced by as much as 65% from 1993 to 1998.

## **FINDING**

### **3. Evaluation of the Quality of Educational Programs**

The College should enhance its methods of evaluating the quality of its education programs.

For fiscal year 1999-2000, the College had 26 different degree and certificate programs and expended approximately 58% of its total revenue on instruction and services to support instruction. Obtaining and analyzing pertinent information is critical in allowing the College to thoroughly evaluate the quality of its educational programs and, if appropriate, make needed changes to the programs, which should help to increase and sustain enrollment (Finding 1).

The College uses a number of methods to obtain and analyze various aspects of its programs. Our review of these methods disclosed:

- a. The College did not formally contact employers of graduates to obtain feedback for evaluating the quality of its programs.

Timely contact of such employers would be a primary source of feedback related to the quality of the College's programs in preparing students for the job market. The College informed us that it informally obtained feedback through business and industry outreach efforts.

- b. The College did not survey students who had transferred to four-year institutions to obtain feedback for evaluating the quality of its programs. Surveying transferred students would provide the College with pertinent feedback to assist in assessing the quality of its programs.
- c. The College did not obtain pertinent performance information from four-year colleges and universities for transferred students.

During the period October 1, 1997 through September 30, 2000, 11 four-year colleges and universities provided the College with the names and social security numbers of students who transferred from the College. However, only 5 of the institutions provided performance information related to the students' grade point average. The College did not follow up with the 6 institutions not providing this information to obtain the data. Such information would be useful to the College in evaluating the quality of its education programs.

The lack of complete information on graduates and transfer students limits the ability of the College to evaluate the quality of its educational programs.

### **RECOMMENDATION**

We recommend that the College enhance its methods of evaluating the quality of its education programs.

### **AGENCY PRELIMINARY RESPONSE**

The College agrees in general with the audit recommendation. The College informed us that it is in the process of enhancing its methods of evaluating the quality of its education programs in a number of ways. For example, the College informed us that it is implementing a new employer evaluation to determine the quality of its graduates; continuing to refine the new assessment program in the liberal arts and science area; conducting a self-evaluation using the Michigan Quality Council's "Lighthouse Quality Award"; and considering joining the North Central Association of Colleges and Schools' Academic Quality Improvement Project (AQIP), which will help the College to focus on student learning. The College stated that the four activities are representative examples of what the College is doing currently and will continue to do in the future. The College also stated that, as the noteworthy accomplishment narrative demonstrates, the College fully supports the concept of using assessment and data to improve quality.

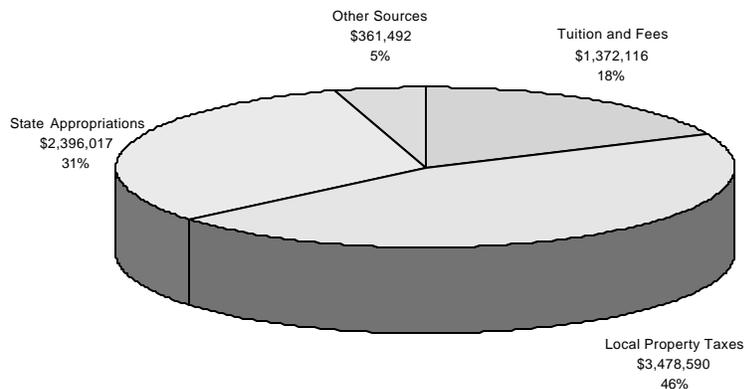
With respect to obtaining data from four-year colleges and universities to which the College's students have transferred, the College stated that it cannot force this information to be provided. The College also stated that, in fact, it has taken the work of the Michigan Community College Association on a Statewide basis and the possibility of a legislative mandate to obtain a promise of cooperation by State universities in this regard.

The College further informed us that it will continue to assess the effectiveness of its educational programs.

## EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

### COMMENT

**Background:** The College receives its general fund revenues for educational programs from three primary sources: local property taxes, State appropriations, and tuition and fees. The following chart shows the amount and percentage of each funding source for the fiscal year ended June 30, 2000:



**Audit Objective:** To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.

**Conclusion:** The College was generally effective and efficient in its use of resources for educational programs. However, our assessment disclosed reportable conditions related to minimum class enrollment, repetitive course enrollments, and faculty release time.

## **FINDING**

### **4. Minimum Class Enrollment**

The College should maintain documentation to substantiate compliance with its informal minimum class enrollment policy. Also, the College should periodically update its break-even analysis to determine the threshold for holding low enrollment classes.

The College has an informal policy of requiring 10 students to be enrolled before a class is held. The College deans, in conjunction with department chairpersons, review enrollment levels prior to the start of classes to determine whether to hold classes with 9 or fewer students. Excluding summer courses, laboratory classes, internships, classes that were combined with others, and certain specialized classes, we determined that 203 (18%) of 1,106 credit courses that the College held during the period from fall semester 1997 through spring semester 2000 had 9 or fewer students.

Our review of low student class enrollment disclosed:

- a. The College did not document the reason for holding low enrollment classes.

We were informed that probable reasons for holding these 203 classes included, but were not limited to, various conditions, such as the class was needed to graduate, the class was needed to continue with the program of study, the class had not been offered in the prior semester, or the class was a new offering. To help ensure that the College's resources are efficiently used, the reasons and formal approvals for holding low enrollment classes should be documented.

- b. The College's review each semester of low enrollment classes did not take into consideration nontuition students.

Employees, employee family members, and senior citizens do not pay tuition for credit courses taken at the College. To ensure the most efficient use of resources and enable the College to make more informed decisions on whether to hold or cancel classes, the College should consider the effects of nontuition students.

- c. The College had not recently updated its break-even analysis on which its informal minimum class enrollment policy is based and had not retained documentation related to its most recent analysis.

The College should periodically review revenue and expenses associated with varying class size, including the number of tuition-paying students needed for the class to break even. Also, documentation should be retained to support key elements of the cost analysis.

### **RECOMMENDATIONS**

We recommend that the College maintain documentation to substantiate compliance with its informal minimum class enrollment policy.

We also recommend that the College periodically update its break-even analysis to determine the threshold for holding low enrollment classes.

### **AGENCY PRELIMINARY RESPONSE**

The College agrees in general with the audit recommendations. The College informed us that, as a small college, it will occasionally need to allow a low enrollment class to move ahead because the class will serve the best interests of the College's students and the community it serves. The College also informed us that it has begun a monitoring process to substantiate reasons for all low enrollment classes. The College further informed us that this monitoring process was put into place for spring semester 2001. In addition, the College will maintain this documentation and will consider a process that will update its break-even analysis on a more regular basis. The College will continue to monitor and assess the information in order to improve this system.

### **FINDING**

#### **5. Repetitive Course Enrollments**

The College should develop a formal written policy that addresses repetitive course enrollments and their impact on academic progress and the College's allocation of resources. Also, the College should monitor repetitive enrollments and identify and counsel students with unsatisfactory academic progress.

Academic progress is the progression toward completion of the coursework required for a degree or certificate program. The College informed us that it did not limit students in the number of times that they could repeat a course. Thus, the College did not monitor repetitive enrollments taking into consideration student motivation, student need, the allocation of College resources, and the need to identify and counsel students with unsatisfactory academic progress.

We performed a computer analysis of students who were enrolled in courses from fall semester 1997 through summer semester 2000. The analysis of these students' academic histories disclosed 142 instances (representing 116 students) in which students enrolled from three to five times in one or more of 43 courses, such as Intermediate Algebra and English Composition II.

Repetitive enrollment may indicate a lack of academic progress. Also, because the tuition and fees paid by students was only 18% of the College's revenue, allowing students to repetitively enroll in the same course may affect the College's allocation of State and local tax dollars, which provide 77% of the College's revenue.

Establishing a policy on repetitive enrollments and monitoring such enrollments would provide the College with the opportunity to identify and counsel students who are not progressing satisfactorily and may provide a more efficient use of the College's resources.

## **RECOMMENDATIONS**

We recommend that the College develop a formal written policy that addresses repetitive course enrollments and their impact on academic progress and the College's allocation of resources.

We also recommend that the College monitor repetitive enrollments and identify and counsel students with unsatisfactory academic progress.

## **AGENCY PRELIMINARY RESPONSE**

The College agrees with the audit recommendations. The College's Board of Trustees adopted a policy on repetitive course enrollment at the February 26, 2001 Board meeting. Additionally, the College will consider the need for counseling students having unsatisfactory academic progress within this context.

## **FINDING**

### **6. Faculty Release Time**

The College should establish and implement formal written policies and procedures relating to the assignment and assessment of release time activities for full-time faculty members.

The College may assign release time to full-time faculty members for the completion of special projects, such as directing cultural programs, quality improvement, and College assessments. The College grants varying amounts of credit hours of assigned release time based on the type of duties to be performed. During our audit period, full-time faculty members were required to work a normal work load of 15 to 16 credit hours per semester for a total of 30 to 32 credit hours per school year or equivalent.

During fall semester 1999 and spring semester 2000, we determined that 7 (26%) of the 27 full-time faculty members received release time. These faculty members received 19.4 credit hours of release time, which was 2% of the total credit hours received by full-time faculty.

Faculty members may request or College deans may assign release time. However, requests and assignments were not made in writing. Also, faculty members and deans sometimes only informally report release time activities and results to their deans and the College president, respectively.

Written policies and procedures for release time should address such issues as formally assigning, applying for, and granting release time and preparing periodic and final assessments of the activities performed and outcomes achieved. Such policies and procedures would help ensure that there is effective internal control over the use of resources for release time activities.

## **RECOMMENDATION**

We recommend that the College establish and implement formal written policies and procedures relating to the assignment and assessment of release time activities for full-time faculty members.

## **AGENCY PRELIMINARY RESPONSE**

The College agrees with the audit recommendation. The College informed us that, while an informal policy for release time for faculty has existed for many years, there has been no formal or written policy or procedure relating to the assignment of release time for faculty members. In response to the preliminary audit recommendation, the College's Board of Trustees adopted a release time policy at the March 19, 2001 Board meeting. The College stated that it has also developed a procedure for the implementation of the policy.

## **CAPITAL OUTLAY REQUEST AND RELATED FIVE-YEAR COMPREHENSIVE PLANNING DOCUMENTS**

### **COMMENT**

**Audit Objective:** To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.

**Conclusion:** The College's recent capital outlay request and related five-year comprehensive planning documents were relevant and accurate.

## **REPORTING OF SELECTED FINANCIAL TRANSACTIONS**

### **COMMENT**

**Audit Objective:** To determine whether the College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.

**Conclusion:** The College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting of Michigan Public Community Colleges.

## ALLOCATION OF OPERATING AND SERVICE COSTS TO THE GENERAL FUND

### COMMENT

**Audit Objective:** To determine whether the College's methods of allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities were equitable.

**Conclusion:** The College's methods of allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities were equitable.

## Glossary of Acronyms and Terms

ACS	activities classification structure.
ACS data	Enrollment, instruction, fiscal, and other data submitted by Michigan's 28 community colleges and published annually by the Michigan Department of Career Development. Information contained in this report regarding Montcalm Community College (MCC) has been modified and does not take into account MCC's prisoner population. This was a result of a recent performance audit conducted at MCC.
AS400	The automated information system that contains the student records database.
credit student	Students taking credit courses that count toward the completion of a degree or certificate program.
developmental course	A basic course in reading, writing, or math designed to correct a student's academic deficiencies prior to enrollment in college-level courses.
effectively	Having the intended or expected results.
efficiently	Achieving a high level of output or outcomes in relation to the amount of resources applied.
fiscal year equated student (FYES)	The calculated equivalent of a student having completed one full year (31 semester credit hours) of instructional work. Also known as "full-time equated student."
general fund	A fund used to account for transactions related to instructional and academic programs.

Group 1	The nine smallest community colleges, each of which has less than 1,600 fiscal year equated students.
mission	The agency's main purpose or the reason that the agency was established.
noncredit student	Students taking noncredit courses that do not count toward the completion of a degree or certificate program.
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.
reportable condition	A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.