



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

*Central Michigan University*

Report Number:  
 33-100-04

Released:  
 September 2005

*Central Michigan University, which began in 1892 as the Central Michigan Normal School and Business Institute, offers more than 170 programs at the bachelor's, master's, specialist's, and doctoral levels. The University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. During fall semester 2003, the University enrolled over 19,000 students at its Mt. Pleasant campus and 8,000 students at its off-campus locations throughout Michigan and the rest of North America.*

***Audit Objective:***

To assess the effectiveness of the University's admissions and monitoring practices to help students successfully complete their classes and programs.

***Audit Conclusion:***

We concluded that the University was generally effective in its admissions and monitoring practices to help students successfully complete their classes and programs.

***Reportable Conditions:***

The University needs to amend its academic placement policy to help ensure that students enroll in mathematics and English courses commensurate with the students' level of knowledge (Finding 1).

The University did not consistently enforce its prerequisites (Finding 2).

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***Audit Objective:***

To assess the effectiveness of the University's efforts to evaluate the quality of its educational programs.

***Audit Conclusion:***

We concluded that the University was generally effective in its efforts to evaluate the quality of its educational programs.

***Reportable Conditions:***

The University needs to incorporate additional pertinent performance indicators for its evaluation of educational program quality (Finding 3).

The University needs to ensure that all required assessments are submitted on a timely basis (Finding 4).

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***Audit Objective:***

To assess the effectiveness and efficiency of the University's use of educational and related program resources.

**Audit Conclusion:**

We concluded that the University was generally effective and efficient in its use of educational and related program resources.

**Reportable Condition:**

The University did not fully enforce its sabbatical leave requirements (Finding 5).

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**Audit Objective:**

To assess the effectiveness of the University's oversight of construction projects.

**Audit Conclusion:**

We concluded that the University was generally effective in its oversight of construction projects. Our report does not include any reportable conditions related to this audit objective.

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**Agency Response:**

Our audit report includes 5 findings and 5 corresponding recommendations. The University's preliminary response indicates that it agrees with 4 recommendations and partially agrees with 1 recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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THOMAS H. MCTAVISH, C.P.A.  
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September 13, 2005

Mr. John G. Kulhavi, Chair  
Board of Trustees  
and  
Dr. Michael Rao, President  
Central Michigan University  
Mt. Pleasant, Michigan

Dear Mr. Kulhavi and Dr. Rao:

This is our report on the performance audit of Central Michigan University.

This report contains our report summary; 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 the 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.

AUDITOR GENERAL



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## Description of Agency

Central Michigan University began in 1892 as the Central Michigan Normal School and Business Institute. In 1895, the State Board of Education assumed control of the school and renamed it Central State Normal School. The school was accredited in 1915 and, shortly thereafter, the University expanded the degrees offered by adding the Bachelor of Arts and Bachelor of Science in 1918 and 1927, respectively. On June 1, 1959, the University was renamed Central Michigan University.

As part of the University's mission\*, it is committed to providing a broad range of undergraduate and graduate programs and services to prepare its students for varied roles as responsible citizens and leaders in a democratic and diverse society. The University offers more than 170 programs at the bachelor's, master's, specialist's, and doctoral levels and offers 25 degrees through eight academic divisions. Its divisions include the College of Business Administration, College of Communication and Fine Arts, College of Education and Human Services, ProfEd, College of Graduate Studies, College of Humanities and Social and Behavioral Sciences, College of Science and Technology, and the Herbert H. and Grace A. Dow College of Health Professions. In academic year 2004-05, the University offered 2 additional degrees.

The University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. In addition, the University is accredited by 14 other specialized or professional accrediting agencies for individual programs.

During fall semester 2003, the University enrolled over 19,000 students at its Mt. Pleasant campus and, as of August 2003, also enrolled over 8,000 students at its 48 off-campus locations throughout Michigan and the rest of North America. As of March 1, 2004, the University had 652 faculty members and 241 temporary faculty; 1,034 professional and administrative staff; 409 other support staff; and approximately 4,325 graduate assistant and student employees. For the fiscal year ended June 30, 2004, the University reported operating revenues\* and nonoperating revenues totaling \$207.9 million and \$90.7 million, respectively, and operating expenses\* totaling \$287.2 million.

\* See glossary at end of report for definition.

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

### Audit Objectives

Our performance audit\* of Central Michigan University had the following objectives:

1. To assess the effectiveness\* of the University's admissions and monitoring practices to help students successfully complete their classes and programs.
2. To assess the effectiveness of the University's efforts to evaluate the quality of its educational programs.
3. To assess the effectiveness and efficiency\* of the University's use of educational and related program resources.
4. To assess the effectiveness of the University's oversight of construction projects.

### Audit Scope

Our audit scope was to examine the program and other records of Central Michigan 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 and from information compiled by the University and from Higher Education Institutional Data Inventory (HEIDI) data, we prepared 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.

A public accounting firm engaged by the University annually audits the University's financial statements.

\* See glossary at end of report for definition.

### Audit Methodology

Our audit procedures, performed from June through September 2004, included examination of the University's records and activities primarily for the period July 1, 2001 through June 30, 2004.

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 University Board of Trustees' meeting minutes and applicable policies and procedures; analyzing available data and statistics; reviewing reference manuals; and obtaining an understanding of the University's management control\* and operational, research, and academic activities. Also, we reviewed the University's efforts to address its deferred maintenance needs. In addition, we reviewed the University's practices for allocating indirect costs to auxiliary activities.

Our evaluation of the University's admissions and monitoring practices included a review of placement testing and academic advising services. We reviewed and assessed compliance with the University's policies and procedures relating to academic progress\*, including prerequisites.

We assessed the University's methods for ensuring the quality of its educational programs, including the use of program evaluations.

We assessed the effectiveness and efficiency of the University's use of resources by analyzing data related to minimum class enrollment\*, tuition waivers, faculty utilization, extended learning centers, and sabbatical leave\*.

We assessed the University's oversight of its policies and procedures related to State-funded and non-State-funded construction, renovation, and maintenance projects.

### Agency Responses

Our audit report includes 5 findings and 5 corresponding recommendations. The University's preliminary response indicates that it agrees with 4 recommendations and partially agrees with 1 recommendation.

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

\* See glossary at end of report for definition.

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.

COMMENTS, FINDINGS, RECOMMENDATIONS,  
AND AGENCY PRELIMINARY RESPONSES

# ADMISSIONS AND MONITORING PRACTICES

## COMMENT

**Audit Objective:** To assess the effectiveness of Central Michigan University's admissions and monitoring practices to help students successfully complete their classes and programs.

**Conclusion:** We concluded that the University was generally effective in its admissions and monitoring practices to help students successfully complete their classes and programs. However, we noted reportable conditions\* related to the academic placement policy and prerequisites (Findings 1 and 2).

## FINDING

### 1. Academic Placement Policy

The University needs to amend its academic placement policy to help ensure that students enroll in mathematics and English courses commensurate with the students' level of knowledge.

Students who enrolled in recommended mathematics and English courses were 6.4% and 12.5%, respectively, more likely to obtain a successful course completion than students who enrolled in higher-than-recommended courses. Additionally, students who enrolled in recommended mathematics and English courses were 6.1% and 2.4% less likely to withdraw from the courses than students who enrolled in higher-than-recommended courses. Required enrollment in recommended courses helps at-risk students attain the necessary skills to advance to college-level courses, promotes successful academic achievement, and reduces the potential for course repeats and withdrawals.

The University's academic placement policy for mathematics and English courses is based on students' high school grade point averages (GPAs) and American College Test (ACT) sub-scores. These factors formulate the basis for placement scores that are used by academic advisors in determining recommended course placements. However, the University's academic placement policy neither requires students to enroll in the recommended course nor prevents students from enrolling in higher level courses when they do not achieve qualifying placement scores.

\* See glossary at end of report for definition.

Our analysis of grades that students received in first-time-taken mathematics and English courses at the University during the period August 2001 through May 2004 disclosed:

a. Mathematics

Students who enrolled in recommended mathematics courses achieved higher levels of success than students who enrolled in higher-than-recommended mathematics courses. Grades for the 2,067 students who enrolled in recommended mathematics courses averaged 2.15, whereas grades for the 847 students who enrolled in higher-than-recommended mathematics courses averaged only 2.05. Furthermore, students who enrolled in the recommended mathematics courses were less likely to receive a grade of C- or below in the course than students who enrolled in higher-than-recommended courses. Of the 2,067 students who enrolled in the recommended mathematics courses, 493 (23.9%) received a grade of C- or below, whereas of the 847 students who enrolled in higher-than-recommended mathematics courses, 257 (30.3%) received a grade of C- or below.

Also, students who enrolled in recommended mathematics courses were less likely to withdraw from the course than students who enrolled in higher-than-recommended mathematics courses. Of the 2,067 students enrolled in recommended mathematics courses, 196 (9.5%) withdrew from the course, whereas of the 847 students who enrolled in higher-than-recommended mathematics courses, 132 (15.6%) withdrew from the course.

b. English

Students who enrolled in recommended English courses achieved higher levels of success than students who enrolled in higher-than-recommended English courses. Grades for the 5,279 students who enrolled in recommended English courses averaged 2.92, whereas grades for the 452 students who enrolled in higher-than-recommended English courses averaged only 2.41. Furthermore, students who enrolled in the recommended English courses were less likely to receive a grade of C- or below in the course than students who enrolled in higher-than-recommended courses. Of the 5,279 students who enrolled in the recommended English courses, 426 (8.1%) received a grade of C- or below, whereas of the 452 students who enrolled in higher-than-recommended English courses, 93 (20.6%) received a grade of C- or below.

Also, students who enrolled in recommended English courses were less likely to withdraw from the course than students who enrolled in higher-than-recommended English courses. Of the 5,279 students enrolled in recommended English courses, 140 (2.7%) withdrew from the course, whereas of the 452 students who enrolled in higher-than-recommended English courses, 23 (5.1%) withdrew from the course.

This analysis illustrates the need for academic placement policy amendments that promote student academic success at the University. Such amendments may include requiring students to enroll in recommended mathematics and English courses or requiring students to take placement tests.

For comparison purposes, we reviewed academic placement policies of 8 other Michigan universities. Our review disclosed that 7 (87.5%) of the 8 universities required students to enroll in mathematics and English courses based on placement tests and the students' high school education history.

## **RECOMMENDATION**

We recommend that the University amend its academic placement policy to help ensure that students enroll in mathematics and English courses commensurate with the students' level of knowledge.

## **AGENCY PRELIMINARY RESPONSE**

The University partially agrees.

### **Mathematics Course Placement**

The University informed us that it agrees that it is important to periodically monitor, assess, and, as necessary, update placement policy and processes. The University stated that the Provost will initiate conversations with the faculty who comprise the Mathematics Department to explore and possibly identify alternative strategies. Additionally, the University stated that consideration will be given to changing the practice from "recommending" the courses in which students should enroll to "specifying" the courses in which students will be allowed to enroll. The University indicated that this will require a strategy to ensure that students register only in previously approved courses.

### English Course Placement

The University informed us that it is the responsibility of the English Department to monitor placement and enrollment in basic composition courses. The University stated that students who are enrolled in a course but who are not eligible for it based on their placement scores are moved to an appropriate course (e.g., students enrolled in ENG 101 but whose scores indicate they should be in ENG 100 are reassigned to an ENG 100 course section). The University also informed us that the English Department considers the placement as "required"; however, since the monitoring process is manual, it is difficult to enforce required placement into composition courses. The University indicated that the new student information system will make this an automated process.

## **FINDING**

### 2. Prerequisites

The University did not consistently enforce its prerequisites.

The University and its various colleges have established prerequisites for many of the University's course offerings. These prerequisites include such requirements as satisfactorily completing a designated course and/or completing a minimum number of credit hours, obtaining admittance to a specific program, or earning a minimum qualifying score on a placement examination. Prerequisites help to ensure that students possess foundational competencies deemed essential for successful course completion.

For the period August 2001 through May 2004, we analyzed 9 courses for the completion of course-based prerequisites and 7 courses for the completion of credit hour prerequisites. Our analysis of grades that students received in these prerequisites disclosed:

- a. Of 32,177 students who enrolled in the 9 courses with course-based prerequisites, 30,245 (94.0%) had met the course-based prerequisites and 1,932 (6.0%) had not met the course-based prerequisites. Of those students who had not met the prerequisites, 317 (16.4%) received grades of C- or below, whereas 2,762 (9.1%) who had met the prerequisites received grades of C- or below, indicating a 7.3% higher successful course completion rate than those who had not met course-based prerequisites.

In addition, further analysis disclosed that students who enrolled in courses and had met the prerequisites were less likely to withdraw from the courses than students who had not met the prerequisites. Of the 30,245 students who had met prerequisites, 1,181 (3.9%) withdrew from the courses, whereas of the 1,932 students who had not met the prerequisites, 204 (10.6%) withdrew from the courses.

- b. Of 23,148 students who enrolled in the 7 courses with credit hour prerequisites, 21,963 (94.9%) had met the credit hour prerequisites and 1,185 (5.1%) had not met the credit hour prerequisites. Of those students who had not met the prerequisites, 203 (17.1%) received grades of C- or below, whereas 2,008 (9.1%) who had met the prerequisites received grades of C- or below, indicating an 8.0% higher successful course completion rate than those who had not met credit hour prerequisites.

In addition, further analysis disclosed that students who enrolled in courses and had met the prerequisites were less likely to withdraw from the courses than students who had not met the prerequisites. Of the 21,963 students who had met prerequisites, 723 (3.3%) withdrew from the courses, whereas of the 1,185 students who had not met the prerequisites, 77 (6.5%) withdrew from the courses.

### **RECOMMENDATION**

We recommend that the University consistently enforce its prerequisites.

### **AGENCY PRELIMINARY RESPONSE**

The University agrees and informed us that it is in the process of implementing a student information computer system that will have the capacity to automatically enforce that students meet course prerequisites to enroll in a course. The University indicated that it is anticipated that the new system will be implemented in spring 2006.

# EFFORTS TO EVALUATE THE QUALITY OF EDUCATIONAL PROGRAMS

## COMMENT

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

**Conclusion:** We concluded that the University was generally effective in its efforts to evaluate the quality of its educational programs. However, we noted reportable conditions related to quality of education and submission of assessments (Findings 3 and 4).

## FINDING

### 3. Quality of Education

The University needs to incorporate additional pertinent performance indicators for its evaluation of educational program quality.

Consideration of pertinent performance indicators, such as surveys, statistics, and advisory assistance, would improve the University's ability to evaluate the quality of its educational programs. Such performance indicators are useful in comparing actual program performance to the University's standards of expected performance. The results of such program evaluations formulate the basis for recommending changes to improve the overall quality of educational programs.

The North Central Association of Colleges and Schools (NCA) conducted the University's most recent accreditation process in 1996. NCA recommended that the University consider developing a new assessment model that integrates program administrators and faculty. Also, it recommended that attention should continue to be given to program assessment plans to ensure that the implementation follows a reasonable timetable and that all plans are submitted and are of sufficient quality for their results to be useful to program faculty and the institution. Further, NCA expects universities to have assessment driven information systems that are comprehensive and current. The information included should come from, but not be limited to, various sources such as potential students, current students, graduate students, community members, faculty members, employers, and labor markets. These sources should be useful in

assisting the University in conducting a comprehensive assessment of the University's educational programs.

The University used two separate assessments for evaluating its educational services provided, which included:

a. Student Learning Outcome Yearly Summary Assessment (SLOYSA)

This assessment was established by policy of the University's Academic Senate for evaluating programs' student learning outcomes. The policy states that, in conjunction with other responsibilities, each program should develop a unit assessment plan and update the plan on a five-year cycle. This unit assessment plan includes student learning goals and objectives, program standards, and methods of measurement. In addition, yearly summary assessment reports of program assessment activities should be provided.

b. Program Review Assessment

This assessment was established by policy of the University's Academic Planning Council for evaluating the quality of educational services provided at a college level and/or a program level to assist in its overall evaluation process. The policy states that complete program reviews will be scheduled for each academic program every seven years. The primary purpose of these program reviews is to improve academic programs by collecting evidence relative to quality, reflecting on a program's current status and future direction, and sharing constructive feedback through peer and administrative review.

We analyzed 8 SLOYSA reports and 5 program review assessments to determine whether they included the University's established indicators and also the following pertinent performance indicators: current and graduate student surveys; employer surveys; advisory committee assistance; and statistical evaluations, which included retention and graduation rates and job placement rates. Our analysis disclosed

that some University programs incorporated various pertinent indicators in their evaluation process, whereas other programs had not always incorporated other resources:

	Number (and Percentage) of SLOYSA Reports	Number (and Percentage) of Program Review Assessments
Current student survey not incorporated	6 (75.0%)	3 (60.0%)
Graduate student survey not incorporated	6 (75.0%)	4 (80.0%)
Employer survey not incorporated	7 (87.5%)	4 (80.0%)
Advisory committee assistance not incorporated	8 (100%)	3 (60.0%)
Evaluation of retention and graduation rates not incorporated	8 (100%)	5 (100%)
Evaluation of job placement rates not incorporated	8 (100%)	4 (80.0%)

### **RECOMMENDATION**

We recommend that the University incorporate additional pertinent performance indicators for its evaluation of educational program quality.

### **AGENCY PRELIMINARY RESPONSE**

The University agrees and informed us that systematically evaluating the quality of its educational programs is of prime importance and that it has implemented policies and practices and hired staff to support such evaluation. The University stated that the Policy of Student Learning Outcomes Assessment, created in 1992 and endorsed by the Higher Learning Commission, establishes the primacy of direct evidence, obtained from students, regarding what they are learning, are able to do, and value as a result of their education at the University.

The University also informed us that it agrees that other kinds of evidence are informative in the evaluation of educational program quality. The University stated that it recognizes the need to incorporate, at the institutional and program level, a variety of indicators to provide a balanced portrayal of student learning and the quality of students' educational experiences. Furthermore, while the University views direct evidence from students as central to that evaluation, it also indicated that it recognizes the value of input from other sources, including alumni, employers, and advisory boards. According to the University, some programs already have used or have plans to use such information in evaluations of their programs and it will encourage even wider use of this kind of evidence and follow-through with the plans that are in place. In addition, the University informed us that

it has just adopted a set of key performance indicators at the institutional level that it will use to evaluate important aspects of educational quality and institutional performance.

## **FINDING**

### **4. Submission of Assessments**

The University needs to ensure that all required assessments are submitted on a timely basis.

Timely submission of the University's unit assessment plans and yearly summary assessment reports is necessary for it to assess its educational programs and ensure that it offers quality educational programs to its students.

The University's Academic Senate established an assessment policy for evaluating programs' student learning outcomes. The policy states that, in conjunction with other responsibilities, each program should develop a unit assessment plan and update the plan on a five-year cycle. This unit assessment plan includes student learning goals and objectives, program standards, and methods of measurement. In addition, yearly summary assessment reports of program assessment activities should be provided.

Our analysis of the University's assessment report log, which included the submission of unit assessment plans and yearly summary assessment reports, disclosed:

- a. Of the 301 unit assessment plans, 40 (13.3%) were missing. Additionally, 55 (18.3%) plans were not updated, which were overdue at least 1 to 5 years at the time of our analysis.
- b. Of the 301 yearly summary assessment reports, 76 (25.2%) were missing and 21 (7.0%) were not updated.

In addition, in our analysis of program review assessments (discussed in Finding 3), the University was missing 5 (50%) of the 10 program review assessments that we requested.

## **RECOMMENDATION**

We recommend that the University ensure that all required assessments are submitted on a timely basis.

## **AGENCY PRELIMINARY RESPONSE**

The University agrees and informed us that it is committed to a "culture of learning" and continues its efforts to build an effective assessment system for the improvement of student learning. The University recognizes that there is a lack of full faculty participation in program assessment, which appears to have led to the current stagnation of assessment activity. The University informed us that an evaluation of the assessment process during spring semester 2005 provided valuable insight to the culture of assessment on the University's campus. Further, the University stated that several key processes and activities have been identified and discussions will begin in fall 2006 with the Assessment Council (Policy of Student Learning Outcomes Assessment). The University responded that it recognizes that student learning is a campuswide responsibility and that academic outcomes assessment will continue to be a major priority.

## **USE OF EDUCATIONAL AND RELATED PROGRAM RESOURCES**

### **COMMENT**

**Background:** As of June 30, 2004, the University had operating and nonoperating revenues and expenses totaling \$298.7 million and \$293.4 million, respectively. In fiscal year 2003-04, the State appropriated the University approximately \$79 million. The University Board of Trustees' approved budget designated \$12.4 million to be allocated towards auxiliary and subsidized auxiliary centers (Exhibit 3). Within this budget, \$10.8 million was allocated to athletics within the subsidized auxiliary center and \$750,000 was designated to be transferred to affiliated organizations.

**Audit Objective:** To assess the effectiveness and efficiency of the University's use of educational and related program resources.

**Conclusion:** We concluded that the University was generally effective and efficient in its use of educational and related program resources. However, we noted a reportable condition related to sabbatical leave (Finding 5).

## **FINDING**

### 5. Sabbatical Leave

The University did not fully enforce its sabbatical leave requirements.

Faculty members' completion of all sabbatical leave requirements assures the University that the faculty members conducted their research tasks, improved and strengthened their teaching, benefited the University, and efficiently used State and University resources.

Article 28 of the Central Michigan University Faculty Association Agreement provides eligibility criteria and requirements that must be fulfilled when a faculty member is granted a sabbatical leave. One requirement states:

Recipients of a sabbatical leave agree to submit a full written report by the end of the academic semester in which normal academic duties are resumed. . . . This final report should contain: a. A brief summary of the proposal; b. A review of the tasks accomplished; c. Copies of articles, monographs, creative works, or manuscripts prepared for publication, if applicable; and d. A description of the explicit outcomes as they affect the individual and the University.

Our analysis of 14 of the 90 sabbatical leaves granted from August 2001 through August 2004 disclosed that, at the time of our analysis, 3 (21.4%) faculty members had not submitted their final reports, which were overdue by 19 to 21 months. Another faculty member had submitted his final report 10 months late. For the 3 faculty members who had not submitted their final reports, the University had followed up with only 1 faculty member, inquiring when the final report would be submitted.

## **RECOMMENDATION**

We recommend that the University fully enforce its sabbatical leave requirements.

## **AGENCY PRELIMINARY RESPONSE**

The University agrees and informed us that it has taken steps to ensure compliance with the terms of its sabbatical leave policies. According to the University, each faculty member receiving a sabbatical leave will be reminded at the outset of the leave of all his/her responsibilities. Also, at the conclusion of the leave, he/she will receive notice of the responsibility to file a final report. The University stated that this notice will come directly to the faculty member from the Office of Faculty Personnel Services, which in this regard acts as a surrogate of the Executive Vice President for Academic Affairs/Provost of the University. Furthermore, the University informed us that it has conducted conversations with the Central Michigan University Faculty Association, the representative of regular faculty for collective bargaining purposes, and declared its intent to apply appropriate sanctions, up to and including disciplinary action if necessary, to those faculty members who fail to fulfill their responsibilities under the University's sabbatical leave policy.

## **OVERSIGHT OF CONSTRUCTION PROJECTS**

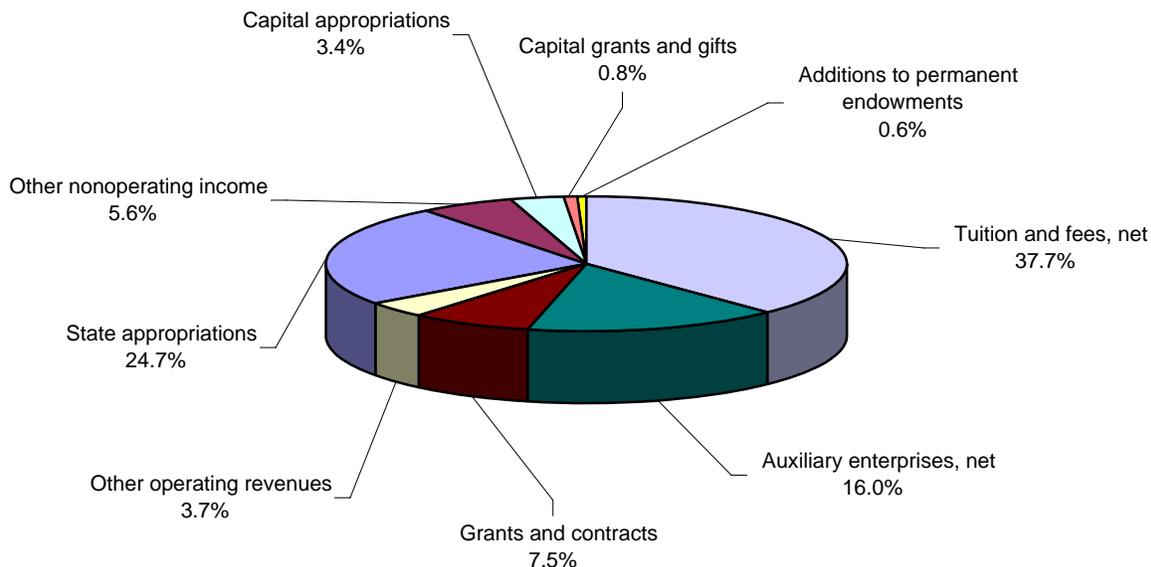
### **COMMENT**

**Audit Objective:** To assess the effectiveness of the University's oversight of construction projects.

**Conclusion:** We concluded that the University was generally effective in its oversight of construction projects. Our report does not include any reportable conditions related to this audit objective.

# SUPPLEMENTAL INFORMATION

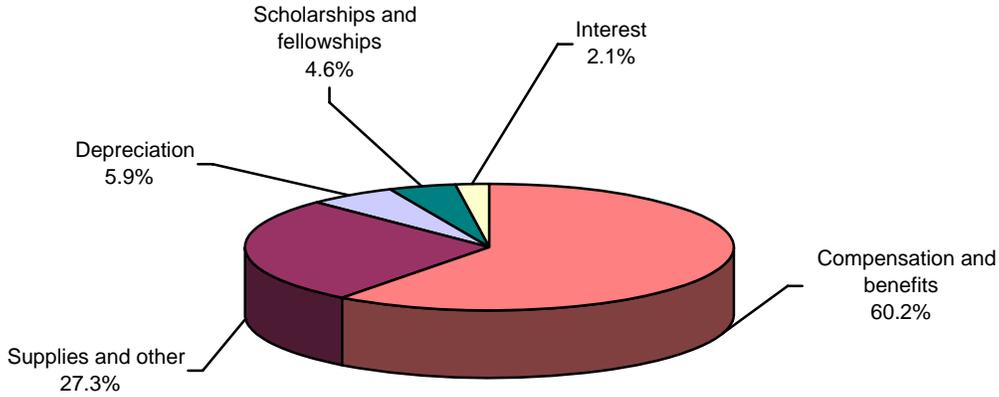
CENTRAL MICHIGAN UNIVERSITY  
Revenues  
For Fiscal Year 2003-04



	<u>Amount</u>
Operating Revenues:	
Tuition and fees, net	\$ 120,886,193
Auxiliary enterprises, net	51,255,491
Grants and contracts	24,009,429
Other operating revenues	11,843,433
Total Operating Revenues	<u>\$ 207,994,546</u>
Nonoperating and Other Revenues:	
State appropriations	\$ 78,979,908
Other nonoperating income	17,858,413
Capital appropriations	11,032,987
Capital grants and gifts	2,623,391
Additions to permanent endowments	1,893,746
Total Nonoperating and Other Revenues	<u>\$ 112,388,445</u>
Total Revenues	<u><u>\$ 320,382,991</u></u>

Source: Central Michigan University financial statements.

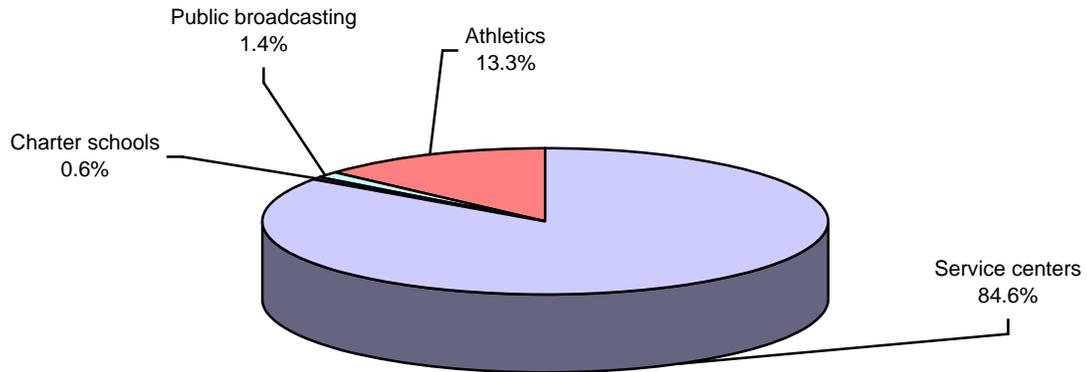
CENTRAL MICHIGAN UNIVERSITY  
Expenses  
For Fiscal Year 2003-04



	<u>Amount</u>
Operating Expenses:	
Compensation and benefits	\$ 176,542,073
Supplies and other	80,024,063
Depreciation	17,233,532
Scholarships and fellowships	<u>13,450,290</u>
Total Operating Expenses	\$ 287,249,958
Nonoperating Expenses:	
Interest	<u>6,167,993</u>
Total Expenses	<u><u>\$ 293,417,951</u></u>

Source: Central Michigan University financial statements.

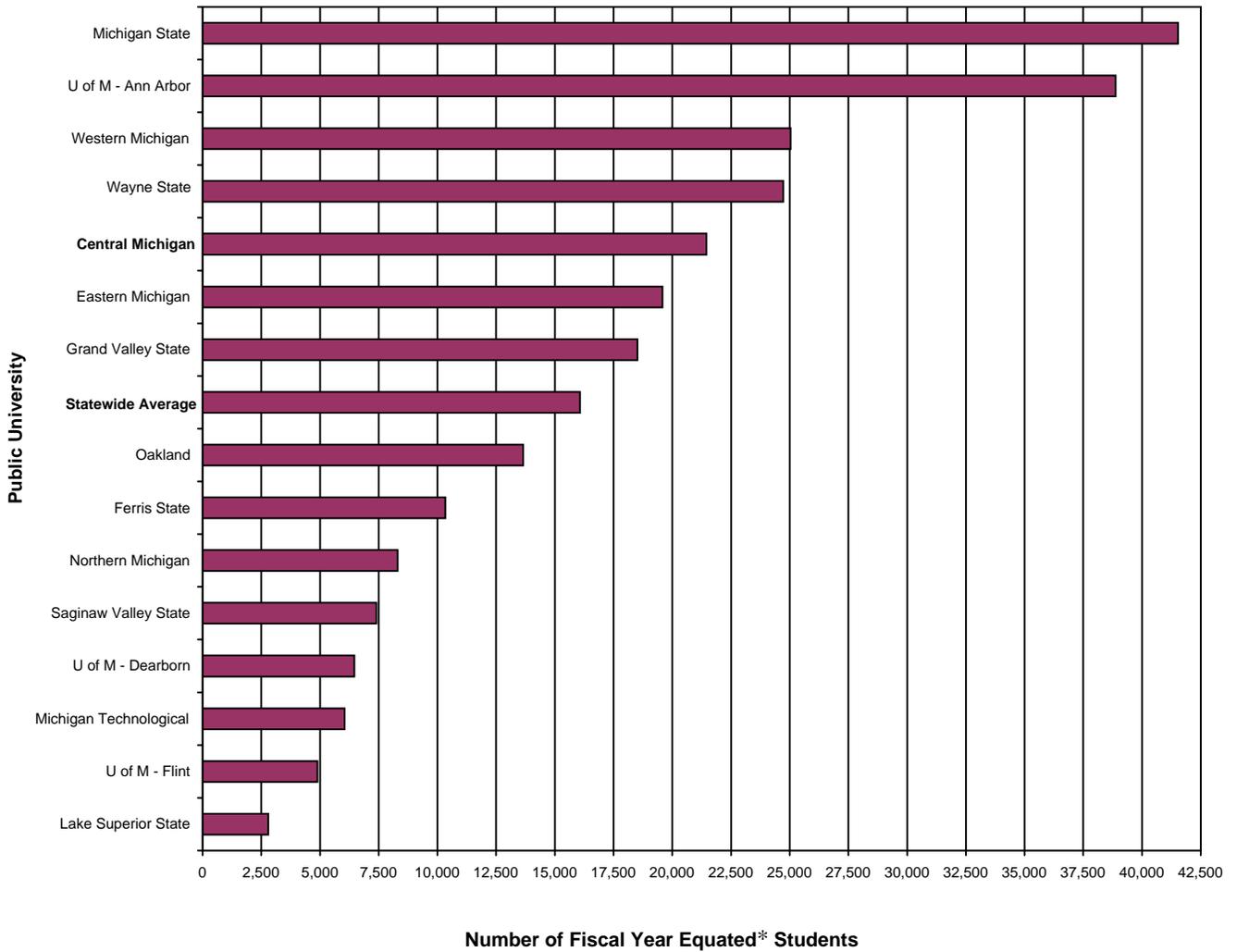
CENTRAL MICHIGAN UNIVERSITY  
Summary of State Appropriation Allocations  
For Fiscal Year 2003-04



	Amount
State Appropriations:	
Service centers	\$ 68,424,672
Auxiliary centers:	
Charter schools	\$ 500,000
Subsidized auxiliary centers:	
Public broadcasting	\$ 1,166,860
Athletics	10,778,766
Total subsidized auxiliary centers	\$ 11,945,626
 Total State Appropriations	 \$ 80,870,298

Source: Central Michigan University Web site, Board of Trustees' approved budget.

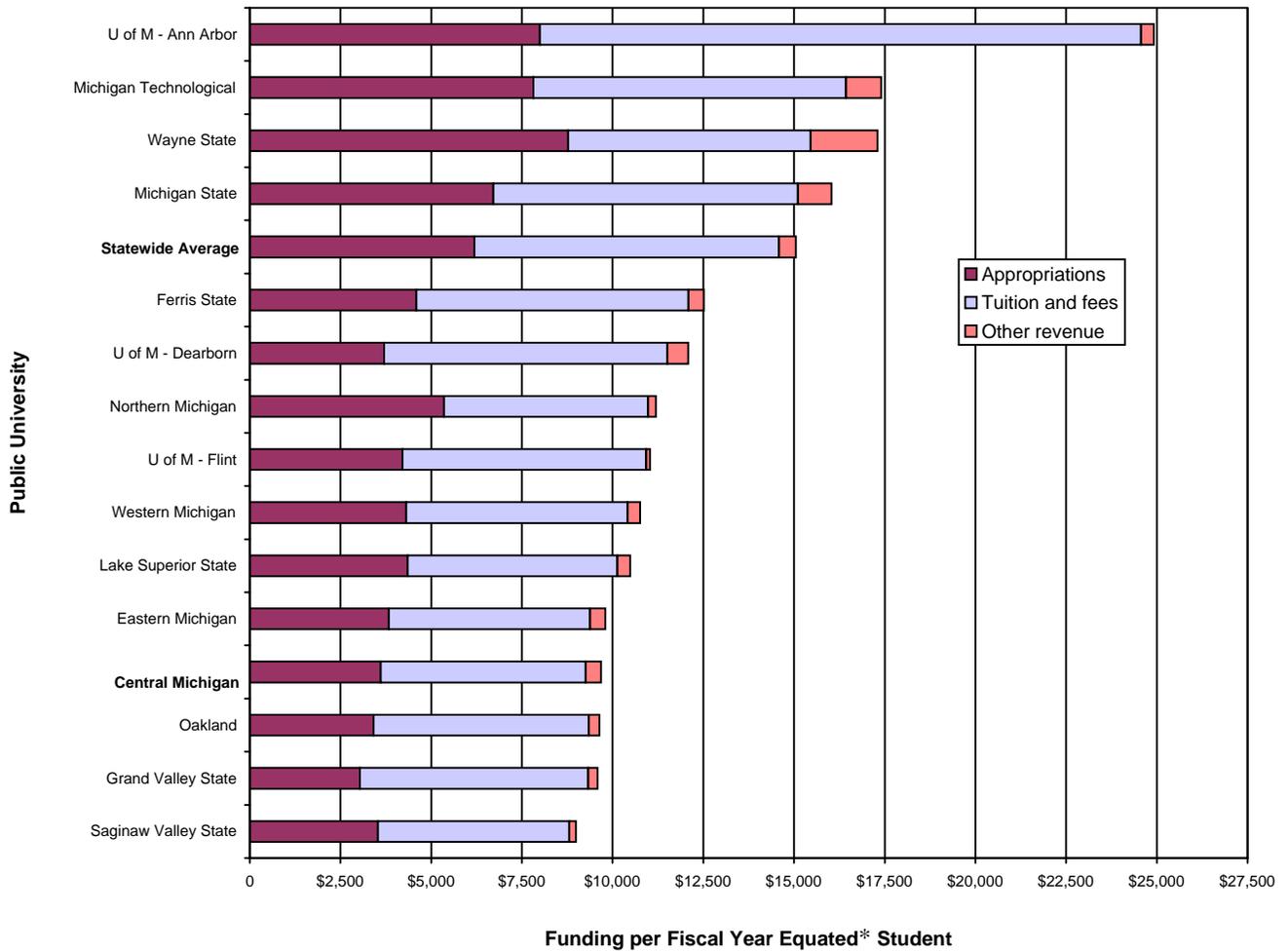
CENTRAL MICHIGAN UNIVERSITY  
Statewide Enrollment by Public University  
For Fiscal Year 2003-04



\* The equivalent of 30 undergraduate semester credit hours.

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

CENTRAL MICHIGAN UNIVERSITY  
Per Student Funding From General Fund Sources by Public University  
For Fiscal Year 2003-04



\* The equivalent of 30 undergraduate semester credit hours.

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

# GLOSSARY

## Glossary of Acronyms and Terms

academic progress	The progression toward completion of coursework required for a degree.
ACT	American College Test.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
FYE	fiscal year equated.
GPA	grade point average.
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.
operating expenses	Expenses incurred for operations, including general, designated, expendable restricted, and auxiliary fund expenses.

operating revenues	Revenues generated from operations, including general, designated, expendable restricted, and auxiliary fund revenues.
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 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.
sabbatical leave	Leave granted primarily for allowing faculty members to improve and strengthen their teaching; to engage in research and/or professional writing for intended publication in their area of expertise; to perform scholarly or professional services at the local, State, national, or international level; to engage in other creative or scholarly activities; or to engage in intellectual and professional development activities that will be of benefit to the individual and to the University.
SLOYSA	student learning outcome yearly summary assessment.
U of M	University of Michigan.



