



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

Macomb Community College

Report Number:
 032-0250-10

Released:
 April 2011

Macomb Community College is a public, two-year institution of higher education offering academic, occupational, vocational-technical, and community education programs. The College offers nearly 200 degree and certificate programs at its three main campuses (South Campus in Warren, Center Campus in Clinton Township, and East Campus in Clinton Township near Mount Clemens) as well as at a Michigan Technical Education Center in Warren.

Audit Objective:

To assess the efficiency of the College's use of educational program resources.

Audit Conclusion:

The College was efficient in its use of educational program resources. However, we noted two reportable conditions (Findings 1 and 2).

Reportable Conditions:

The College did not sufficiently document the rationale for holding low enrollment classes to help ensure that its educational resources are used efficiently (Finding 1).

The College had not developed an effective policy to fully address repetitive course enrollments and their impact on student academic progress and the College's efficient use of resources (Finding 2).

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Audit Objective:

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

Audit Conclusion:

The College was effective in its efforts to evaluate the quality of its educational programs. Our audit report does not include any reportable conditions related to this audit objective.

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Audit Objective:

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

Audit Conclusion:

The College's admissions and monitoring practices were effective in helping students successfully complete their

classes and programs. Our audit report does not include any reportable conditions related to this audit objective.

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Agency Response:

Our audit report contains 2 findings and 2 corresponding recommendations. The College's preliminary response indicates that it agrees with the recommendations.

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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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April 26, 2011

Mr. James F. Kelly, Chair
Board of Trustees
and
Dr. James B. Jacobs, President
Macomb Community College
Warren, Michigan

Dear Mr. Kelly and Dr. Jacobs:

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

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; three 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 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

Macomb Community College is a public, two-year institution of higher education offering academic, occupational, vocational-technical, and community education programs. The College was established as part of the Van Dyke School District in 1954, known initially as South Macomb Community College, and offered its first courses at the former Lincoln High School in Warren. In 1962, Macomb County voters approved a countywide millage to support the Community College District of Macomb.

The College operates under 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 by the voters of the community college district for six-year terms of office.

The College offers nearly 200 degree and certificate programs in technical, business, and health related fields of study. Credit and non-credit courses are available at its three main campuses (South Campus in Warren, Center Campus in Clinton Township, and East Campus in Clinton Township near Mount Clemens) as well as at a Michigan Technical Education Center in Warren.

The College receives its financial support from student tuition and fees; local property tax assessments; appropriations from the State of Michigan; federal, State, and foundation grants; and other miscellaneous revenue, including interest income. For the fiscal year ended June 30, 2010, the College reported total revenue of \$156,935,340 (of which \$31,773,900 was State appropriations) and total expenses of \$146,407,192.

As of fall term 2010, the College employed 208 full-time faculty, 856 part-time faculty, and 966 full-time and part-time administrative and support personnel. In addition, the College enrolled 24,453 students.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of Macomb Community College had the following objectives:

1. To assess the efficiency* of the College's use of educational program resources.
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 admissions and monitoring practices to help students successfully complete their classes and programs.

Audit Scope

Our audit scope was to examine the program and other records of Macomb Community College. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit procedures, performed from May through September 2010, included the review and testing of College records and procedures primarily for the period July 1, 2008 through September 30, 2010.

Our audit report includes supplemental information presented as Exhibits 1 through 3 using unaudited data obtained from the Activities Classification Structure database compiled by the Department of Energy, Labor & Economic Growth. Our audit was not directed toward expressing a conclusion on this information and, accordingly, we did not audit the information and express no conclusion on it.

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

* See glossary at end of report for definition.

Audit Methodology

We conducted a preliminary review of the College's operations to formulate a basis for developing audit objectives and defining the audit scope. Our review included interviewing College personnel, reviewing applicable policies and procedures, analyzing available data and statistics, reviewing reference materials, and obtaining an understanding of the College's internal control* and operational and academic activities.

To accomplish our first objective, we extracted student academic record information from the College's database for use in examining minimum class enrollment* and reviewing repetitive course enrollments*. We interviewed College staff and analyzed financial information relating to the College's operations. Also, we evaluated the College's assignment methods for and use of faculty, including the assignment of sabbaticals and release time. We also evaluated high instances of student withdrawal and low class enrollment.

To accomplish our second objective, we evaluated the College's efforts and methods used to assess and monitor the quality of its educational programs, including the evaluation of faculty. We determined whether the College had established procedures for evaluating its programs and whether the College had obtained accreditation of its programs. We evaluated the College's efforts to survey its graduates to determine if the education provided by the College was satisfactory to meet the students' educational and career goals. We examined the College's efforts to obtain results of licensing and certification examinations. We reviewed the College's guidelines for qualifications of the faculty to verify that job requirements were met. We assessed the College's efforts to survey employers of graduates to determine if employer feedback resulted in changes to curriculums or reviews of programs.

To accomplish our third objective, we reviewed the College's admissions and monitoring practices, including the methods used by the College for determining course placement and enrolling students in developmental courses*. We extracted student academic information from the College's database and analyzed the academic assessment and placement process. Also, we analyzed the effectiveness of the College's developmental courses by reviewing course enrollment data for students enrolled at the College during the period July 1, 2008 through June 30, 2010. We evaluated the College's efforts and methods used for monitoring academic progress* and achievement of students,

* See glossary at end of report for definition.

including repetitive course enrollments. We reviewed the College's articulation agreements and the process established for students transferring to a four-year college or university. We also reviewed enrollment trends at the College.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

Agency Responses

Our audit report contains 2 findings and 2 corresponding recommendations. The College's preliminary response indicates that it agrees with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the College'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 Department of Energy, Labor, & Economic Growth, the Auditor General, 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.

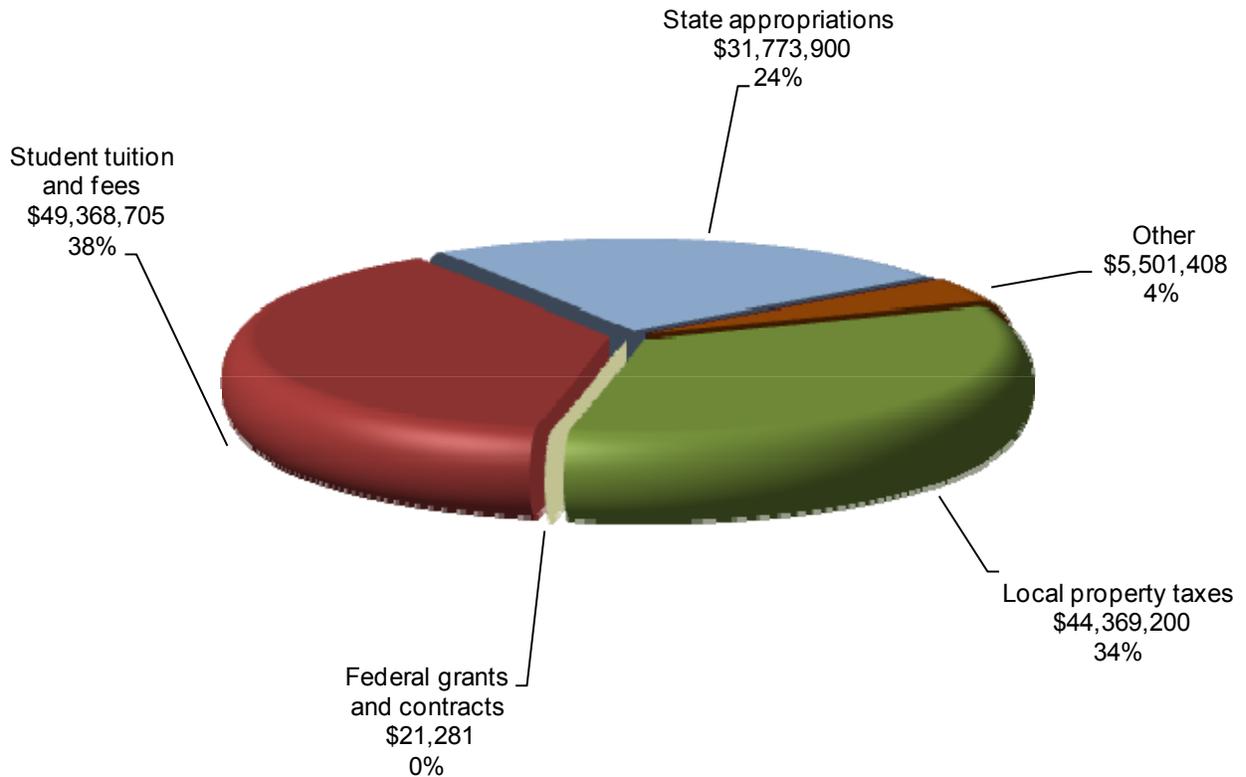
COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

USE OF EDUCATIONAL PROGRAM RESOURCES

COMMENT

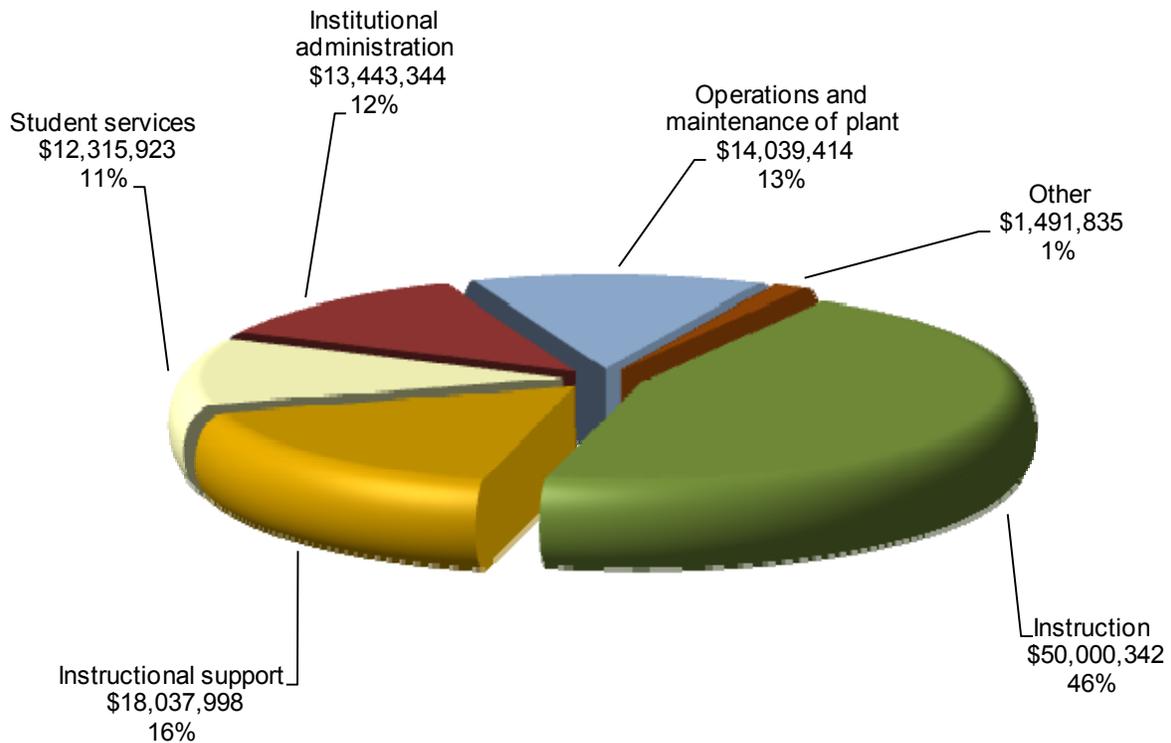
Background: Macomb Community College receives its general fund revenues for educational programs from four primary sources: local property taxes, federal grants and contracts, student tuition and fees, and State appropriations. The following chart shows the amount and percentage of each funding source for the fiscal year ended June 30, 2010:

**General Fund Revenues
Combined Operating and Nonoperating**



The College's general fund primarily supports its costs for instruction, instructional support, institutional administration, and student services. The following chart shows the amount and percentage of general fund expenses for the fiscal year ended June 30, 2010:

**General Fund Expenses
Combined Operating and Nonoperating**



Audit Objective: To assess the efficiency of the College's use of educational program resources.

Audit Conclusion: **The College was efficient in its use of educational program resources.** However, our assessment disclosed two reportable conditions* related to low enrollment classes and repetitive course enrollment (Findings 1 and 2).

* See glossary at end of report for definition.

FINDING

1. Low Enrollment Classes

The College did not sufficiently document the rationale for holding low enrollment classes to help ensure that its educational resources are used efficiently.

An effective minimum class enrollment policy identifies the minimum student enrollment for classes based on revenues and expenses associated with varying class sizes, identifies factors to consider in hold/cancel determinations, identifies specific conditions that justify holding classes below the minimum enrollment standard, identifies who has the authority to approve holding classes below the minimum enrollment, and requires documentation of these conditions and approvals. Such a comprehensive policy facilitates administration of class enrollments and helps ensure that the College's resources are used efficiently.

College policy requires that, prior to the start of classes, the dean and associate dean review class sections with enrollment of less than 15 students, determine which class sections should be retained based on the College's established rationale, and document the rationale for retaining the class. Established rationale includes, but is not limited to, situations in which the class is retained to allow space or mobility because other classes are full or when a new class is first offered.

We analyzed class enrollment for classes held from fall term 2008 through spring/summer term 2010, excluding non-credit courses. Of the 12,737 classes analyzed, the College held 1,117 (9%) classes with less than 15 students and did not always document the rationale for holding those classes.

We randomly selected 40 classes held with less than 15 students and determined that the rationale for 17 (43%) classes was not documented.

We recognize that there are reasonable conditions that would require the College to hold a low enrollment class, such as the class was needed for students to graduate, the class was a new offering, the class did not usually generate a large enrollment, or the class was for a program being phased out.

However, to help ensure that the College's resources are efficiently used, the rationale for holding low enrollment classes should be documented.

RECOMMENDATION

We recommend that the College sufficiently document the rationale for holding low enrollment classes to help ensure that its educational resources are used efficiently.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation and the statement in the finding that says there are reasonable conditions that require holding low enrollment classes, such as a class needed for graduation, a new offering, a class that does not generate high enrollment, or a class that is being phased out. The College also agrees that the justification for running classes with less than 15 students needs to be documented. The College informed us that it believes that running 9% of its classes with less than 15 students is reasonable given the size and complexity of the institution. The College also informed us that it has a policy in place requiring documentation identifying one of 14 approved rationales for running low enrollment classes and that the majority of the classes running with less than 15 students have been documented. In addition, the College informed us that it will review its policy and documentation process to see if improvements can be made to ensure effective use of educational resources.

FINDING

2. Repetitive Course Enrollment

The College had not developed an effective policy to fully address repetitive course enrollments and their impact on student academic progress and the College's efficient use of resources.

Generally, repetitive course enrollments indicate a lack of academic progress and result in an inefficient use of resources. Revenue generated from tuition and fees paid by students represents 38% of the College's total revenue. Allowing students to repetitively enroll in the same course without monitoring them and providing academic assistance to satisfactorily complete the applicable course results in the inefficient use of State and local resources, which accounted for approximately 58% of the College's total revenue.

The College's Unit Guidelines and Directives requires the approval of an appropriate associate dean, counselor, or academic advisor for a student to repeat a course for credit or audit more than three times. However, the College's Unit Guidelines and Directives did not identify appropriate rationale for approving repetitive course enrollments.

We reviewed the academic histories of students enrolled from fall term 2008 through spring/summer term 2010. Our analysis disclosed:

- a. The College did not consistently limit the number of times students repeated classes. Our analysis identified 2,366 instances (related to 549 students) in which students enrolled in one or more of 83 courses four or more times.

The following table shows examples of the course title, the number of students with four or more enrollments, and the range of times students enrolled in the courses:

Course Title	Number of Students	Range of Times Enrolled
Intermediate Algebra	125	4 - 8
Beginning Algebra	56	4 - 6
Communications 1	36	4 - 6
Principles of Accounting 1	31	4 - 6
Introductory to Psychology	26	4 - 6
Computer & Information Principles	17	4 - 7
Analytic Geometry & Calculus 1	16	4 - 6
Communications 2	15	4 - 7
Principles of Economics 1	16	4 - 5
Fundamentals of Nutrition	15	4 - 6

- b. The College's Unit Guidelines and Directives did not provide guidance on appropriate rationale for approving repetitive course enrollments. As a result, our analysis identified the following rationale used by College staff for allowing students to repeat courses: "personal issues resolved," "permission granted," and "needs to retake."

We reviewed student records for 15 randomly selected students who repeated courses more than three times and noted:

- (1) One student enrolled in a course (intermediate algebra) eight times. Thus, five enrollments required the student to receive an approval to enroll. Two (40%) of the five repeated courses did not have rationale for the approval documented.
- (2) One student enrolled in a course (beginning algebra) five times. Thus, two enrollments required the student to receive an approval to enroll. The approval rationale was documented by the counselor for both of these enrollments.

As of September 30, 2010, the College employed 11 associate deans and 60 counselors and academic advisors. Our discussions with 6 of the 71 associate deans, counselors, and academic advisors disclosed that they generally or always granted approvals for students to repeat courses more than three times.

RECOMMENDATION

We recommend that the College develop an effective policy to fully address repetitive course enrollments and their impact on student academic progress and the College's efficient use of resources.

AGENCY PRELIMINARY RESPONSE

The College agrees. The College informed us that the existing policy on repetitive course enrollments requires students requesting to repeat a course more than three times to meet individually with the appropriate associate dean, counselor, or academic advisor to discuss this option. The College stated that, during this meeting, the student record is revised by lifting the flag that restricts enrollment if determined appropriate. The College also informed us that it will review and revise the existing policy to require that students seeking to repeat courses be made aware of the support services available to help enhance their ability to succeed.

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.

Audit Conclusion: **The College was effective in its efforts to evaluate the quality of its educational programs.** Our audit report does not include any reportable conditions related to this audit objective.

STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

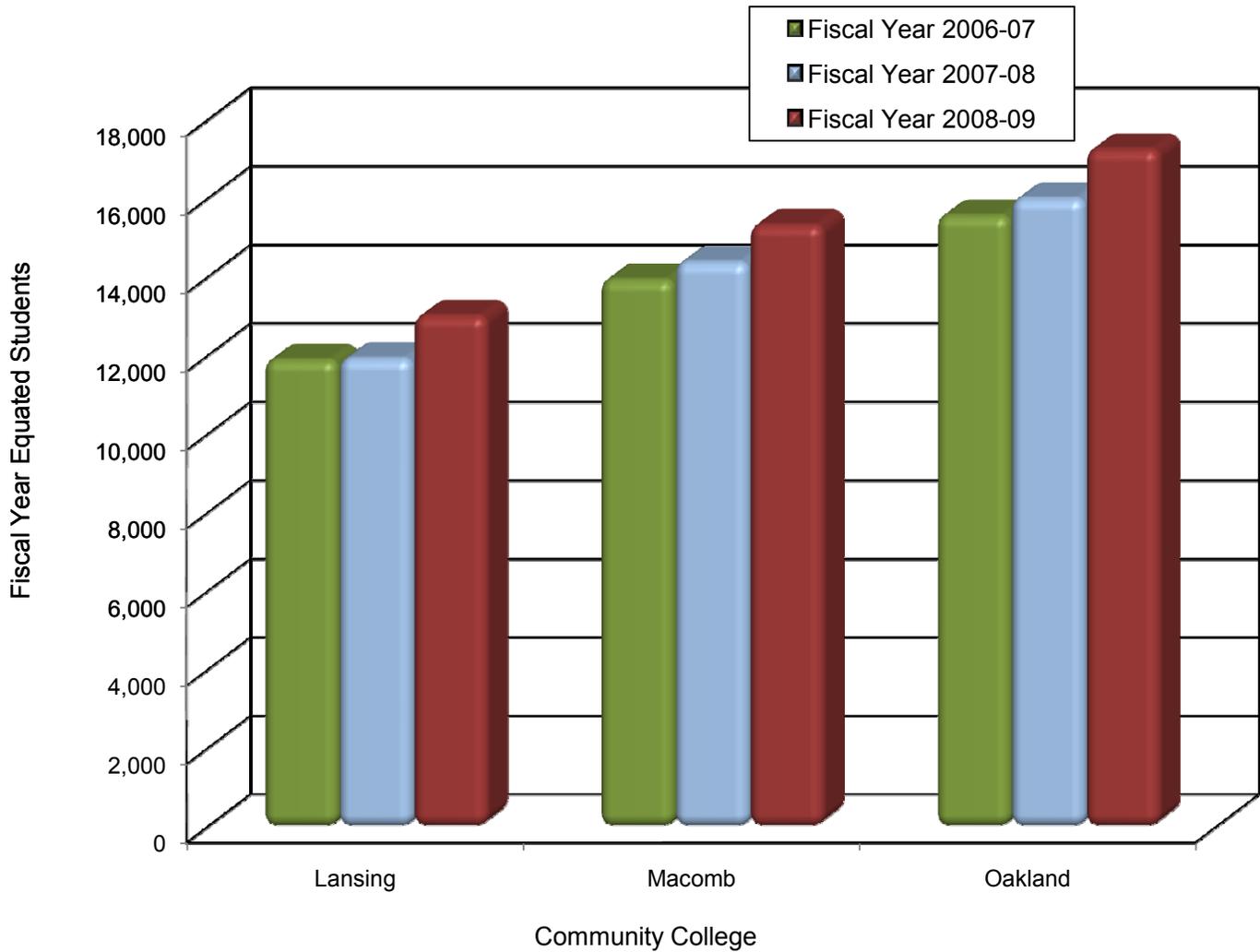
COMMENT

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

Audit Conclusion: **The College's admissions and monitoring practices were effective in helping students successfully complete their classes and programs.** Our audit report does not include any reportable conditions related to this audit objective.

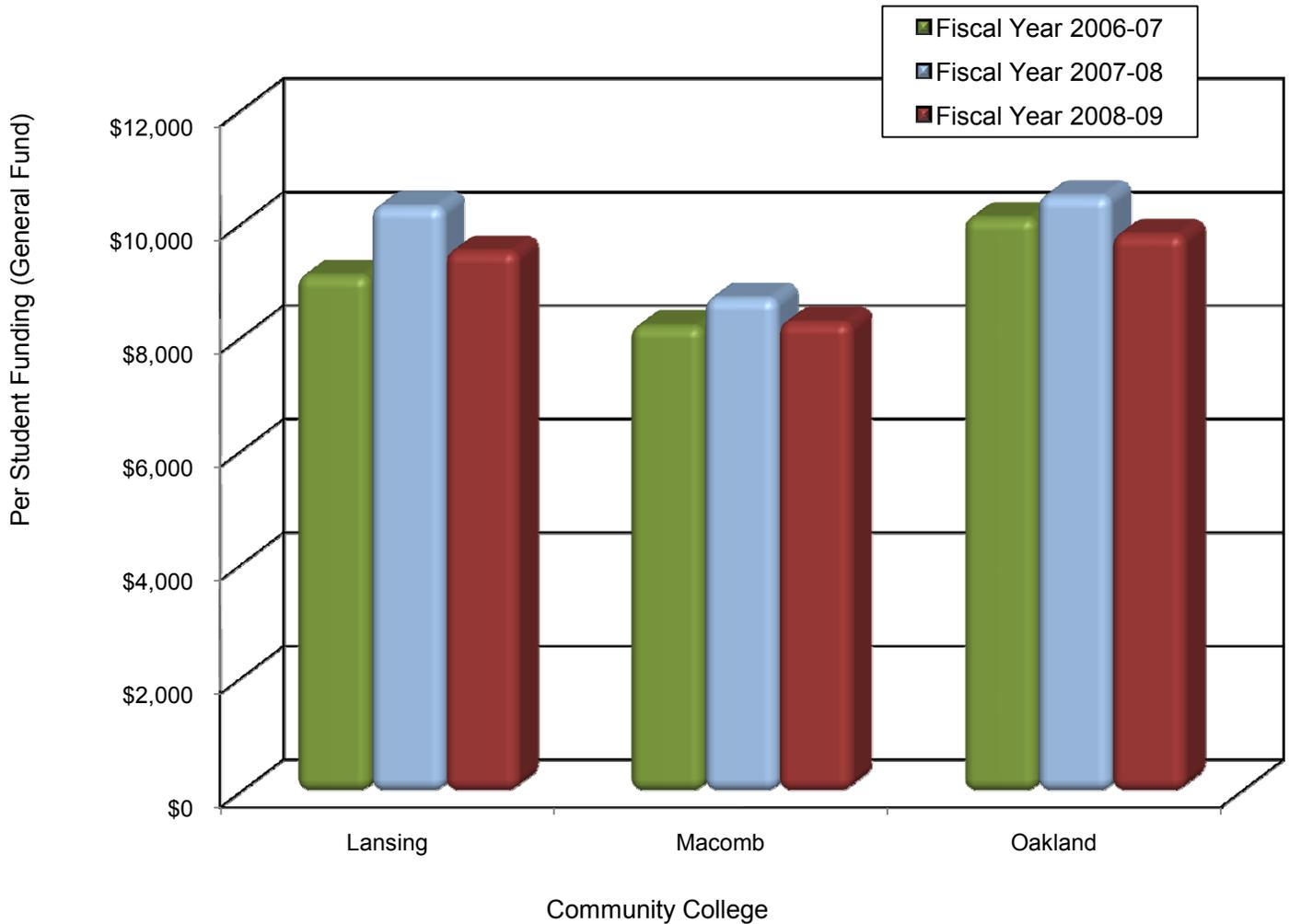
SUPPLEMENTAL INFORMATION

MACOMB COMMUNITY COLLEGE
Comparison of Fiscal Year Equated Students
For Fiscal Years 2006-07 Through 2008-09



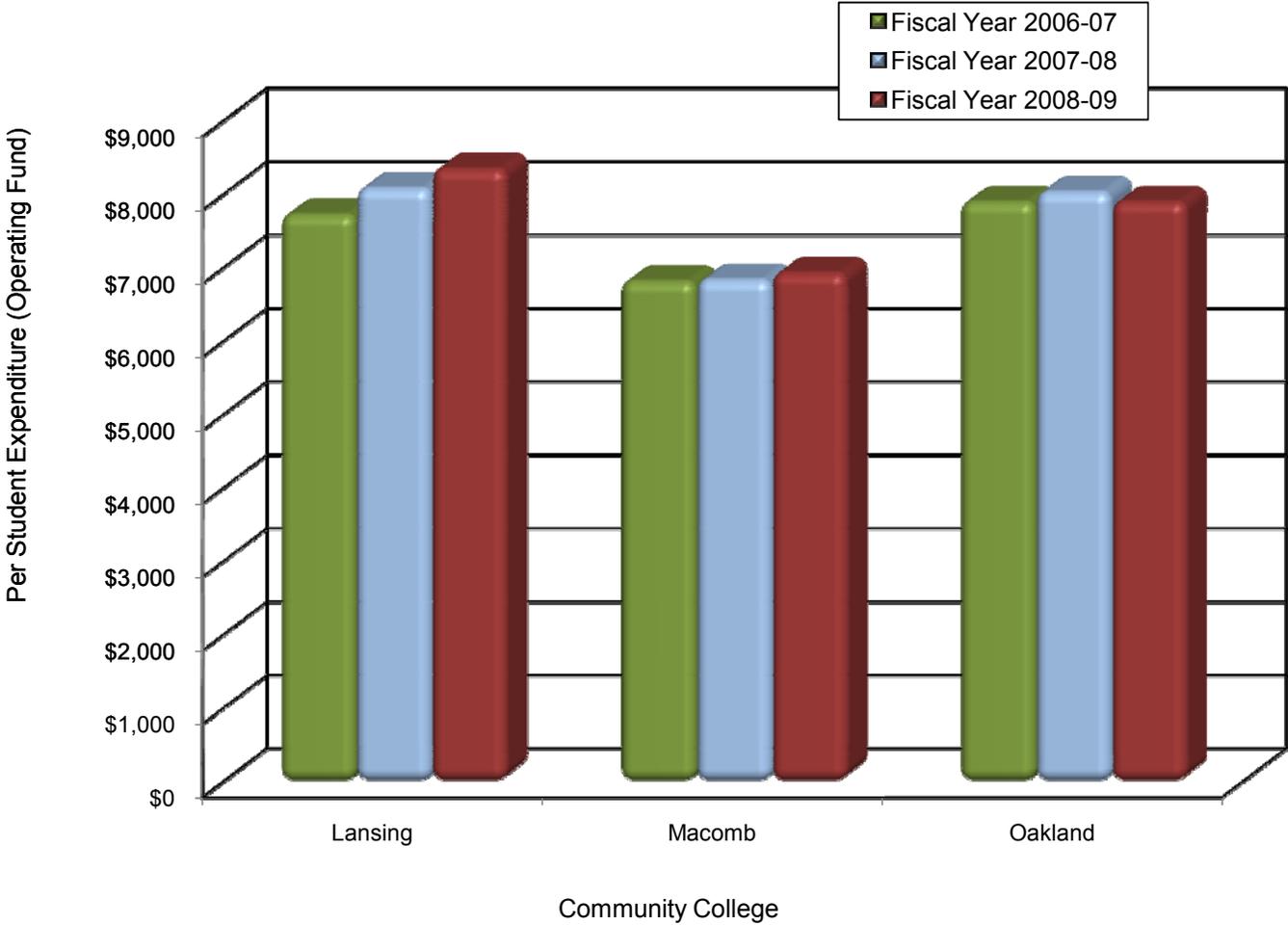
Source: The Office of the Auditor General prepared this exhibit based on data from the Activities Classification Structure Data Books for fiscal years 2006-07, 2007-08, and 2008-09, Table 17, "Grouping of Like Community Colleges."

MACOMB COMMUNITY COLLEGE
Comparison of General Fund Revenue per Fiscal Year Equated Student
For Fiscal Years 2006-07 Through 2008-09



Source: The Office of the Auditor General prepared this exhibit based on data from the Activities Classification Structure Data Books for fiscal years 2006-07, 2007-08, and 2008-09, Table 17, "Grouping of Like Community Colleges."

MACOMB COMMUNITY COLLEGE
Comparison of Operating Fund Expenditures per Fiscal Year Equated Student
For Fiscal Years 2006-07 Through 2008-09



Source: The Office of the Auditor General prepared this exhibit based on data from the Activities Classification Structure Data Books for fiscal years 2006-07, 2007-08, and 2008-09, Table 17, "Grouping of Like Community Colleges," and Table 27, "Operating Fund Expenditures."

GLOSSARY

Glossary of Acronyms and Terms

academic progress	The progression toward completion of coursework required for a degree or certificate program.
developmental courses	Courses that provide academically underprepared students with skills they need to succeed in college-level courses. Developmental courses provide learning strategies designed to improve or overcome any marked deficiency in basic competencies, including a deficiency in content previously taught but not learned.
effectiveness	Success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
minimum class enrollment	The class enrollment level below which the College evaluates whether it is in the best interest of the College to hold the class.
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 program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.

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, falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

