

PERFORMANCE AUDIT
OF
SOUTHWESTERN MICHIGAN COLLEGE

May 1999

EXECUTIVE DIGEST

SOUTHWESTERN MICHIGAN COLLEGE

INTRODUCTION

This report, issued in May 1999, contains the results of our performance audit* of Southwestern Michigan College.

AUDIT PURPOSE

This performance audit was conducted under the authority of Section 203(2), Act 85, P.A. 1997 (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.

BACKGROUND

Southwestern Michigan College is a public two-year institution of higher education. The community college district includes all of Cass County and Keeler and Hamilton Townships of Van Buren County.

The College, established in November 1964, 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 by voters of the community college district for six-year terms of office.

The College's mission* is to:

- a. Meet the needs and aspirations of the groups and individuals of all ages who make up the college service area.

* See glossary on page 21 for definition.

- b. Provide one- and two-year occupational programs as well as two-year baccalaureate-oriented programs.
- c. Meet the needs of the area in providing educational, social, cultural, and economic programs.
- d. Maintain occupational competence in industry, business, science, agriculture, service technology, and skilled trades and provide opportunities for individuals to prepare for various occupations and improve skills.

For the fiscal year ended June 30, 1998, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$15,545,241; expenditures and transfers of \$15,077,164; and enrollment of 1,809 fiscal year equated students, which was the eighteenth largest of the State's 28 community colleges. As of October 1998, the College employed 45 full-time faculty, 164 part-time faculty, and 128 full-time and part-time administrative and support personnel.

**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.

Conclusion: The College's admission and monitoring practices were effective in helping students successfully complete their classes and programs.

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

* See glossary on page 21 for definition.

Conclusion: The College's efforts to evaluate the quality of its educational programs were effective.

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 1971. With the exception of a brief period during which the College voluntarily withdrew from the Association, the College has retained its accreditation. The College's methods for evaluating the quality of education include developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through student and graduate surveys and faculty evaluations.

Also, the College issues a quality assurance guarantee to students and prospective employers that individuals holding an Associate Degree in Applied Science are fully capable of competent performance. Under the guarantee, the College permits former students to retake courses without a tuition charge if employers consider them to be deficient in knowledge or skills in those areas of college instruction.

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* relating to repetitive course enrollments and low student class enrollment (Findings 1 and 2).

* See glossary on page 21 for definition.

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for educational programs.

Conclusion: The College complied with legislative reporting requirements for educational programs.

Audit Objective: To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Conclusion: Our evaluation disclosed that the College's capital outlay program statement was relevant and accurate.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of Southwestern Michigan 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 Southwestern Michigan College are audited annually by a public accounting firm engaged by the College.

Our review and testing of College records and procedures were primarily limited to the period September 1, 1995 through November 30, 1998.

We reviewed the College's admission process, evaluated methods used for monitoring student progress, and analyzed the academic assessment and placement process. We evaluated the College's efforts to assess the quality of its educational programs. In addition, we reviewed the methods

used 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 program resources effectively and efficiently. We extracted student academic record information from the College's data base for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments.

We reviewed the program and financial records for the At-Risk Students Success Program grants to determine the College's compliance with State requirements. We also reviewed the program statement, planning documents, and other pertinent information related to the College's most recent capital outlay project.

AGENCY RESPONSES

Our audit report contains 2 findings and 3 corresponding recommendations. The College's preliminary response indicated that it agreed with 1 recommendation and disagreed with 2.

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Dr. Fred L. Mathews, Chairman
Board of Trustees
and
Dr. Marshall E. Bishop, President
Southwestern Michigan College
Dowagiac, Michigan

Dear Dr. Mathews and Dr. Bishop:

This is our report on the performance audit of Southwestern Michigan 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 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

Southwestern Michigan College is a public two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The community college district includes all of Cass County and Keeler and Hamilton Townships of Van Buren County.

The College, established in November 1964, 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 by the voters of the community college district for six-year terms of office.

The College's mission is to:

- a. Meet the needs and aspirations of the wide range of groups and individuals of all ages who make up the college service area as the only post-secondary institution within the college district.
- b. Provide one- and two-year occupational programs as well as two-year baccalaureate-oriented programs in a comprehensive open-door community college serving a rural area.
- c. Meet the needs of the area in providing educational, social, cultural, and economic programs through its facilities, resources, and leadership.
- d. Maintain occupational competence in industry, business, science, agriculture, service technology, and skilled trades and provide opportunities for individuals to prepare for entry into various occupations as well as to improve their skills throughout their working careers.

The College receives its financial support primarily from appropriations from the State of Michigan, student tuition and fees, local property taxes assessed against property in the district, federal grants and contracts, and other miscellaneous income. For the fiscal year ended June 30, 1998, the College reported current fund revenue (general, designated,

auxiliary activities, and restricted funds) of \$15,545,241; expenditures and transfers of \$15,077,164; and enrollment of 1,809 fiscal year equated students, which was the eighteenth largest of the State's 28 community colleges. As of October 1998, the College employed 45 full-time faculty, 164 part-time faculty, and 128 full-time and part-time administrative and support personnel.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Southwestern Michigan 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 determine whether the College complied with the Legislature's reporting requirements for educational programs.
5. To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Audit Scope

Our audit scope was to examine the program and other records of Southwestern Michigan College. Our audit was conducted in accordance with *Governmental 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 Southwestern Michigan College are audited annually by a public accounting firm engaged by the College.

Audit Methodology

Our fieldwork was performed during September through December 1998. Our review and testing of College records and procedures were primarily limited to the period September 1, 1995 through November 30, 1998.

We reviewed the College's admission process and evaluated the methods used by the College for enrolling students in developmental courses* and monitoring student progress. We analyzed the College's academic assessment and placement process by reviewing a random sample of students who were enrolled at the College for some time during fall semester 1995 through fall semester 1998.

We evaluated the College's efforts to assess the quality of its educational programs. The College's efforts included obtaining the results of licensing and certification examinations and contacting employers of graduates or 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. Finally, we 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 program resources effectively and efficiently. We extracted student academic record information from the College's data base for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments.

We reviewed the program and financial records for the At-Risk Students Success Program grants to determine the College's compliance with State requirements.

We determined whether the College obtained the required State approvals for capital outlay or renovation projects (in progress during the period September 1, 1995 through November 30, 1998) in compliance with appropriation acts and State procedures. Also, we reviewed the College's program statement and other planning documents regarding its Niles campus capital outlay project and compared them with conditions present during the project's planning period. This included examining student enrollment, facility utilization information, and other pertinent information related to the project.

Agency Responses

Our audit report contains 2 findings and 3 corresponding recommendations. The College's preliminary response indicated that it agreed with 1 recommendation and disagreed with 2.

* See glossary on page 21 for definition.

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 Department of Education, 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 report's recommendations.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

COMMENT

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

Conclusion: The College's admission and monitoring practices were effective in helping students successfully complete their classes and programs.

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's efforts to evaluate the quality of its educational programs were effective.

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 1971. With the exception of a brief period during which the College voluntarily withdrew from the Association, the College has retained its accreditation. The College's methods for evaluating the quality of education include developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through student and graduate surveys and faculty evaluations.

Also, the College issues a quality assurance guarantee to students and prospective employers that individuals holding an Associate Degree in Applied Science are fully capable of competent performance. Under the guarantee, the College permits former students to retake courses without a tuition charge if employers consider them to be deficient in knowledge or skills in those areas of college instruction.

EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

COMMENT

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 relating to repetitive course enrollments and low student class enrollment.

FINDING

1. **Repetitive Course Enrollments**

The College's repetitive course enrollment policy did not require that students repeating certain credit courses obtain written approval.

The College's repetitive course enrollment policy, which became effective summer semester 1995, requires that students obtain written approval of the Appeals Committee, consisting of the vice president of instruction, vice president of student services, and special needs coordinator, when enrolling in certain courses for the fourth or more time. We were informed that the intent of the policy is to prevent repetitive enrollment abuse and help ensure that students make satisfactory academic progress* .

We analyzed the repetitive enrollments of students in classes for some time during fall semester 1995 through fall semester 1998. We identified 197 instances

* See glossary on page 21 for definition.

(representing 144 students) of students who enrolled four or more times in 1 or more of 30 classes. Of these 197 instances, students were not required to obtain written approval in 187 instances. The following table shows the 11 credit courses with the highest number of repeat student enrollments:

Course Title*	Number of Students Enrolled 4 or More Times	Range of Times Enrolled
Community-College Choir	29	4 - 10
Community Brass Band	19	4 - 10
Identify and Price Antiques I	17	4 - 10
Symphonic Band	16	4 - 6
Concert Choir	14	4 - 6
Fitness and Recreation	13	4 - 8
Antiques II	11	4 - 10
Jazz/Show Choir	10	4 - 5
Antiques III	8	4 - 8
Art Appreciation Topics	8	4 - 8
Jazz Ensemble	8	4 - 6

* Students in these credit courses were not required to obtain written approval.

The College's repetitive course enrollment policy allows unlimited repeat enrollment in many credit courses. We question whether this is the best use of resources. Because the tuition paid by students covers only 24% of the total cost of a course, allowing students to repetitively enroll in these courses may result in the inefficient use of State, federal, and local tax dollars that account for the remaining 76% of the cost of a course. Also, requiring approval for all credit courses repeated 4 or more times should improve the monitoring of student academic progress.

RECOMMENDATION

We recommend that the College amend its repetitive course enrollment policy to require that students repeating all credit courses obtain written approval.

AGENCY PRELIMINARY RESPONSE

The College disagrees with the recommendation. The courses formally listed as part of written policy are affective learning classes, such as community choir or pricing antiques, rather than cognitive learning classes, such as chemistry or English. Such courses involve a differing instructional and cost basis than that of traditional cognitive classes. The College, however, understands the thinking behind the recommendation and notes that it will review this matter and take the recommendation under advisement.

FINDING

2. Low Student Class Enrollment

The College did not document the reason for holding low student enrollment classes. Also, the College did not include all pertinent information in its analysis to determine the threshold for holding low student enrollment classes.

The College's schedule of classes contains a statement that the College may cancel classes at its discretion because of low enrollment. The College's informal policy on low class enrollment established a threshold of 8 students as the minimum enrollment. We were informed that the College has an informal monitoring process for determining whether to hold or cancel classes with 7 or fewer students. For such classes, the vice president for instruction, three academic deans, and a community services representative review enrollment levels prior to the start of classes each semester to determine whether to hold or cancel the classes.

Our review of low student class enrollment disclosed:

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

During the period from fall semester 1995 through fall semester 1998, the College held 489 classes (excluding personal interest and certain specialized classes) that had fewer than 8 students enrolled. We were informed that the reasons for holding these 489 classes included various conditions, such as the class was offered at only one time during a semester and was needed to graduate or the class was instructed by an outside contractor who determined

the number of students necessary to hold the class. Documenting the reason and formal approval for holding the low enrollment classes would help ensure that the College's resources are efficiently used.

- b. The College's low class enrollment analysis did not take into consideration nontuition-paying students or the potential effect of the student drop and add period.

The College's threshold of 8 students was based on the tuition needed to pay the cost of a part-time faculty member to teach the class. However, employees, employee family members, and senior citizens do not pay tuition for classes taken at the College. We identified 61 other classes that were not considered low enrollment classes, even though there were fewer than 8 tuition-paying students in the class.

Also, the student drop and add process can result in fewer students in a class. The College's threshold of 8 students did not consider the potential effect of the student drop and add period. We identified 233 other classes that were not considered low enrollment although the classes had fewer than 8 students after the drop and add period.

RECOMMENDATIONS

We recommend that the College maintain documentation to support compliance with its low student enrollment policy.

We also recommend that the College include all pertinent information in its analysis to determine the threshold for holding low student enrollment classes.

AGENCY PRELIMINARY RESPONSE

The College agrees with the first recommendation and will take it under advisement in documentation in support of compliance with the College's low student enrollment policy regarding class cancellation. The College disagrees with the second recommendation and feels that it currently does include all pertinent information in its analysis to determine the threshold for holding low student enrollment classes; however, it agrees to review the recommendation and take it under advisement.

COMPLIANCE WITH LEGISLATIVE REPORTING REQUIREMENTS

COMMENT

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for educational programs.

Conclusion: The College complied with legislative reporting requirements for educational programs.

CAPITAL OUTLAY PROGRAM STATEMENT

COMMENT

Audit Objective: To evaluate the relevancy and accuracy of the most recent capital outlay program statement submitted to the Department of Management and Budget.

Conclusion: Our evaluation disclosed that the College's capital outlay program statement was generally relevant and accurate.

Glossary of Terms

academic progress	A student's progression toward completion of course work required for a degree or certificate.
developmental course	A basic course in English, math, or reading designed to correct a student's academic deficiencies prior to enrollment in college-level courses.
effectiveness	Program success in achieving mission and goals.
efficiently	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
mission	The agency's main purpose or the reason the agency was established.
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 his/her 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.