

PERFORMANCE AUDIT
OF
SELECTED STATE UNIVERSITIES' REPORTING
OF ENROLLMENT AND OTHER HIGHER EDUCATION INSTITUTIONAL
DATA INVENTORY (HEIDI) DATA

Fiscal Year 1997-98

EXECUTIVE DIGEST

SELECTED STATE UNIVERSITIES' REPORTING OF ENROLLMENT AND OTHER HEIDI DATA

INTRODUCTION

This report, issued in May 1999, contains the results of our performance audit* of Selected State Universities' Reporting of Enrollment and Other Higher Education Institutional Data Inventory (HEIDI) Data, including the provisions of the appropriations act for higher education (Act 271, P.A. 1998) and the Department of Management and Budget (DMB) annual budget letter, for fiscal year 1997-98.

AUDIT PURPOSE

This performance audit was conducted under the provisions of Section 701, Act 271, P.A. 1998, which mandates that the Auditor General audit enrollments at five public universities.

BACKGROUND

The 15 State universities are required to report certain enrollment and other HEIDI data to the Legislature and DMB on a fiscal year basis. Instructions for reporting the data are included in the boilerplate of the annual appropriations act for higher education and in the DMB annual budget letter to State universities.

For fiscal year 1997-98, gross appropriations totaled approximately \$1.6 billion to the 15 State universities and the total number of fiscal year equated students enrolled at

* See glossary on page 18 for definition.

the 15 universities was over 214,000. For the 5 selected universities audited for fiscal year 1997-98, gross appropriations totaled approximately \$472 million and the total number of fiscal year equated students was approximately 68,000.

**AUDIT OBJECTIVE
AND CONCLUSION**

Audit Objective: To assess the accuracy of State universities' reporting of selected enrollment and other HEIDI data as required by the appropriations act and the DMB annual budget letter.

Conclusion: We concluded that the 5 selected universities were generally accurate in reporting enrollment and other HEIDI data. However, at 3 of the 5 universities, we noted instances of inaccurate reporting relating to one or more of the enrollment reporting requirements (Findings 1 through 6).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine 5 of the 15 State universities' records supporting selected enrollment student credit hours and other Higher Education Institutional Data Inventory data relating to general fund expenditures and transfers reported to the Department of Management and Budget for fiscal year 1997-98. This included comparing reported instructional and non-instructional expenditures with the audited financial statements. 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.

We randomly selected 5 universities to be audited:

Eastern Michigan University
Lake Superior State University
University of Michigan - Ann Arbor
University of Michigan - Dearborn
Northern Michigan University

We tested, on a selective basis, reported student credit hours and other HEIDI data for accuracy and adherence to the appropriations act and DMB annual budget letter requirements.

AGENCY RESPONSES

Our audit report includes 6 findings and 6 corresponding recommendations. The universities' preliminary responses indicated that they concurred with all of the recommendations.

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The Honorable Harry Gast, Chairman
Senate Appropriations Committee
Michigan State Senate
and
The Honorable Terry Geiger, Chairman
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan

Dear Senator Gast and Representative Geiger:

This is our report on the performance audit of Selected State Universities' Reporting of Enrollment and Other Higher Education Institutional Data Inventory (HEIDI) Data, including the provisions of Act 271, P.A. 1998, and the Department of Management and Budget annual budget letter, for fiscal year 1997-98.

This report contains our executive digest; description of reported data; audit objective, scope, and methodology and agency responses; comment, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms. A draft of the detailed audit findings was previously submitted to you.

The agency preliminary responses were taken from the universities' responses subsequent to our audit fieldwork. Act 271, P.A. 1998, requires that the audited institutions for which we noted findings develop formal responses within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us by the universities.

AUDITOR GENERAL

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Description of Reported Data

The Legislature established the Higher Education Institutional Data Inventory (HEIDI) to capture enrollment and other data regarding State universities. Examples of information requested by the Legislature through HEIDI include expenditures, revenue, faculty and staff positions and compensation, student population profiles, physical plant specifications, and student credit hours. The data reported to the Legislature is organized into tables for convenient reference. The 15 State universities are required to report the data on a fiscal year basis. Instructions for reporting the data are included in the boilerplate of the annual appropriations act for higher education and in the Department of Management and Budget annual budget letter to State universities.

For fiscal year 1997-98, gross appropriations totaled approximately \$1.6 billion to the 15 State universities and the total number of fiscal year equated students enrolled at the 15 universities was over 214,000. For the 5 selected universities audited for fiscal year 1997-98, gross appropriations totaled approximately \$472 million and the total number of fiscal year equated students was approximately 68,000.

Audit Objective, Scope, and Methodology and Agency Responses

Audit Objective

The objective of our performance audit of Selected State Universities' Reporting of Enrollment and Other Higher Education Institutional Data Inventory (HEIDI) Data was to assess the accuracy of State universities' reporting of selected enrollment and other HEIDI data as required by the appropriations act and the Department of Management and Budget annual budget letter.

Audit Scope

Our audit scope was to examine 5 of 15 State universities' records supporting selected enrollment student credit hours and other Higher Education Institutional Data Inventory data relating to general fund expenditures and transfers reported to the Department of Management and Budget for fiscal year 1997-98. This included comparing reported instructional and non-instructional expenditures with the audited financial statements. 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.

We randomly selected 5 universities to be audited:

Eastern Michigan University
Lake Superior State University
University of Michigan - Ann Arbor
University of Michigan - Dearborn
Northern Michigan University

Audit Methodology

We tested, on a selective basis, reported student credit hours and other HEIDI data for accuracy and adherence to the appropriations act and DMB annual budget letter requirements.

For student credit hours, we verified, on a selective basis, the accuracy and appropriateness of reported totals. We verified the mathematical accuracy of report totals by tracing report totals to class lists and then to selected student transcripts.

For other HEIDI data, we verified reported general fund expenditures by category (instructional and non-instructional). As a starting point, we obtained and relied on independent audited financial statement report totals which were compared to the totals reported by the universities under audit. We then reviewed selected adjustment from the audited totals and problem areas identified by DMB to ensure that the expenditures were properly reported.

Agency Responses

Our audit report includes 6 findings and 6 corresponding recommendations. The universities' preliminary responses indicated that they concurred with all of the recommendations.

The universities' preliminary response which follows each recommendation in our report was taken from the universities' written comments and oral discussion subsequent to our audit fieldwork. Annual appropriations acts require the principal executive officers of the audited institutions to submit written responses to our audit to the Auditor General, the House and Senate Fiscal Agencies, and the Department of Management and Budget. The responses are due within 60 days after the audit report has been issued and should specify the action taken by the institutions regarding the audit report's recommendations.

COMMENT, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

ACCURACY OF REPORTED ENROLLMENT AND OTHER HEIDI DATA

COMMENT

Background: The appropriations act for higher education (Act 271, P.A. 1998) mandates that the Auditor General audit enrollments at five randomly selected public universities. In accordance with the act, these audits are based on uniform reporting categories and include Higher Education Institutional Data Inventory (HEIDI) Data. Examples of HEIDI data include expenditures, revenue, faculty and staff positions and compensation, student population profiles, physical plant specifications, and student credit hours. Each university has developed computer programs to process the data and to generate reports.

Audit Objective: To assess the accuracy of State universities' reporting of selected enrollment and other HEIDI data as required by the appropriations act and the Department of Management and Budget (DMB) annual budget letter.

Conclusion: We concluded that the 5 selected universities (Eastern Michigan University, Lake Superior State University, the University of Michigan - Ann Arbor, the University of Michigan - Dearborn, and Northern Michigan University) were generally accurate in reporting enrollment and other HEIDI data. However, at 3 of the 5 universities, we noted instances of inaccurate reporting relative to one or more of the enrollment reporting requirements.

The reporting errors identified in this report may not necessarily have a direct dollar impact on the universities' funding. However, it is important for comparative analyses that all universities report their enrollment and other HEIDI data in a consistent manner that adheres to the DMB instructions.

FINDING

1. Enrollment Records

The University of Michigan - Dearborn did not have records to support reported student credit hours by Higher Education General Information Survey (HEGIS) category, by student level* , as required by DMB.

We were able to verify total student credit hours reported during our audit. However, the University was unable to provide reports that supported the courses and the corresponding student levels used to report student credit hours for each HEGIS category and student level.

Without supporting records, we do not have assurance that the University accurately reported student credit hours by HEGIS category, by student level.

RECOMMENDATION

We recommend that the University of Michigan - Dearborn maintain records to support reported student credit hours by HEGIS category, by student level, as required by DMB.

AGENCY PRELIMINARY RESPONSE

The University of Michigan - Dearborn agreed with this recommendation and informed us that it implemented a new computerized information system for reporting student credit hours in the fall of 1997. The computer program that would have allowed for generating a report of student credit hours by HEGIS category, by student level, was not completed at the time of the audit. The University indicated that it is in the process of completing the computer program to enable compliance with DMB instructions.

FINDING

2. Timely Submission of Data

Lake Superior State University did not submit enrollment and other HEIDI data to DMB by the required due date. Act 271, P.A. 1998, and the DMB budget letter required all State universities to submit their data by October 15, 1998.

* See glossary on page 18 for definition.

The University was over three months late in submitting enrollment and other HEIDI data. We noted the same problem during our prior audit of the data reported for fiscal year 1995-96.

Delays on the part of the universities in reporting enrollment and other HEIDI data may affect the legislative decision-making process.

RECOMMENDATION

WE AGAIN RECOMMEND THAT LAKE SUPERIOR STATE UNIVERSITY SUBMIT ITS ENROLLMENT AND OTHER HEIDI DATA TO DMB BY THE DUE DATE SPECIFIED IN THE ANNUAL APPROPRIATIONS ACT FOR HIGHER EDUCATION AND THE DMB ANNUAL BUDGET LETTER.

AGENCY PRELIMINARY RESPONSE

Lake Superior State University agreed with this recommendation and informed us that it experienced an inordinate number of personnel changes that directly affected when it was able to submit enrollment and other HEIDI data. With personnel changes and reassignments completed, the University indicated that enrollment and other HEIDI data will be submitted on a timely basis in the future.

FINDING

3. Enrollment Count Dates

Eastern Michigan University, Lake Superior State University, and the University of Michigan - Dearborn did not adhere to DMB enrollment count date instructions.

Our review of count date policies disclosed:

- a. Eastern Michigan University included in its reported enrollment data students enrolled after the University's official count date. The Eastern Michigan University Board of Regents approved a count date policy whereby official enrollments are to be counted when 10% of the class days in the semester have passed. However, the University included students enrolled after the official count date, thereby overstating reported student credit hours and head counts. The University did appropriately include students who dropped courses after the official count date for reported enrollments.

- b. Lake Superior State University did not report enrollments based on its established count dates for the summer 1997 semesters and for graduate I courses. The count dates used for the summer 1997 sessions varied by 3 to 16 days from the University's established policy. Also, the official count date policy for graduate I courses, as established by the governing board, was not adhered to.

- c. The University of Michigan - Dearborn did not report student credit hours for the spring/summer semester session in accordance with DMB instructions. The University reported student credit hours generated during the spring/summer session based on an equal allocation between two fiscal years. As a result, one half of the student credit hours reported for the spring/summer session were reported in the wrong fiscal year.

The DMB instructions require that universities report student head counts and credit hours at a specific date for each semester. This date must be consistent from semester to semester and year to year and in accordance with policy established by the governing board.

RECOMMENDATION

We recommend that Eastern Michigan University, Lake Superior State University, and the University of Michigan - Dearborn adhere to DMB enrollment count date instructions.

AGENCY PRELIMINARY RESPONSE

Eastern Michigan University

Eastern Michigan University responded that DMB instructions assume that all courses begin commensurate with the start of an individual term. DMB does not contemplate the development of late starting courses (such as continuing education, on-line classes, and other special arrangements) that commence well after the beginning of a term. A single start date, as one tenth of the whole term, may exclude these courses entirely. The University believes strongly that these courses should be included in its reporting.

Accordingly, the University will reexamine its dating policy so as to ensure that reported student credit hours do not include hours of students enrolled after the

official count dates and at the same time provide for the inclusion of the credit hours from these late starting courses.

Lake Superior State University

Lake Superior State University agreed with this recommendation and informed us that it received the Board of Trustees' approval for a revised count date policy on February 19, 1999 to better enable the University to comply with DMB instructions.

The University also indicated that the revised count date policy will be followed in accordance with DMB instructions.

University of Michigan - Dearborn

The University of Michigan - Dearborn agreed with this recommendation and informed us that it will revise its procedures for counting student credit hours for the spring/summer semester session to comply with DMB instructions.

FINDING

4. HEGIS Categories

Eastern Michigan University did not properly report all student credit hours by HEGIS program categories.

A total of 6,495 reported student credit hours were misclassified. For example, the University reported 1,268 teacher education technology student credit hours under the computer and information category instead of the education program category.

As a result, student credit hours reported by various HEGIS categories were either overstated or understated.

DMB instructions require universities to ensure that student credit hours are reported in the proper HEGIS categories.

RECOMMENDATION

We recommend that Eastern Michigan University properly report student credit hours by HEGIS program categories.

AGENCY PRELIMINARY RESPONSE

Eastern Michigan University indicated that it has implemented the appropriate measures to properly classify these student credit hours by HEGIS categories.

FINDING

5. Classification of Specialist Degree Students

Eastern Michigan University did not adhere to DMB instructions when classifying students seeking specialist degrees.

DMB instructions require that the universities classify students admitted to specialist degree programs at the graduate II level. However, Eastern Michigan University reported these students at the graduate I level. This misclassification of credit hours overstates the reported graduate I credit hours and understates the graduate II credit hours.

RECOMMENDATION

We recommend that Eastern Michigan University adhere to DMB instructions when classifying students seeking specialist degrees.

AGENCY PRELIMINARY RESPONSE

Eastern Michigan University responded that its specialist degree program is a graduate II program that requires the completion of a master's degree for admission into the program. In accordance with DMB instructions, all credit hours generated by such programs should be classified at the graduate II level.

Eastern Michigan University indicated that it agrees with our recommendation and has implemented measures to properly classify these credit hours in future reports.

FINDING

6. Classification of Non-Degree Seeking Students

Lake Superior State University did not adhere to DMB instructions when classifying credit hours earned by students admitted as non-degree seeking students.

DMB instructions require that the universities classify undergraduate students admitted as non-degree seeking students at the lower division student level. DMB instructions also require that the universities classify students with a baccalaureate or higher degree admitted as undergraduate non-degree seeking students at the upper division student level. However, the University reported these students at the level designated by the student in the application process which could be different than the level required by DMB instructions. These errors resulted in misclassification of lower and upper division credit hours.

RECOMMENDATION

We recommend that Lake Superior State University adhere to DMB instructions when classifying credit hours earned by students admitted as non-degree seeking students.

AGENCY PRELIMINARY RESPONSE

Lake Superior State University agreed with this recommendation and informed us that it will take appropriate steps to properly classify these students in future reports.

Glossary of Acronyms and Terms

DMB	Department of Management and Budget.
HEGIS	Higher Education General Information Survey.
HEIDI	Higher Education Institutional Data Inventory.
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.
student level	<p>The cumulative number of credit hours applicable to a degree which is compiled by a student according to the following categories:</p> <p>Lower division - Students who have completed 55 or fewer semester student credit hours toward a certificate, associate degree, or baccalaureate degree.</p> <p>Upper division - Students who have completed 56 or more semester student credit hours toward an undergraduate degree, students working on a second baccalaureate degree, and post-baccalaureate students admitted as undergraduate non-degree seeking students.</p> <p>Graduate I - All compiled student credit hours beyond the baccalaureate degree that are applicable to a master's degree, including those earned by students admitted as graduate non-degree seeking students.</p> <p>Graduate II - All compiled student credit hours beyond the master's degree that are applicable to a specialist or doctorate degree.</p>