

EXECUTIVE DIGEST

COMMUNITY COLLEGES

ACTIVITIES CLASSIFICATION STRUCTURE

INTRODUCTION

This report contains the results of our compliance audit of the Community Colleges Activities Classification Structure for the colleges' fiscal year 1994-95 (July 1, 1994 through June 30, 1995).

AUDIT PURPOSE

This compliance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was required by Act 128, P.A. 1995, the annual appropriations act for community colleges.

BACKGROUND

The activities classification structure (ACS) was developed in response to Section 8, Act 419, P.A. 1978 (a section of the community college appropriations act for fiscal year 1978-79). Uniform data reporting requirements were developed for use in making State budget and appropriation decisions. Act 117, P.A. 1984, provided for a funding formula to be used to determine State aid for each community college. The funding formula is based on ACS

information, such as full-time equated students, contact hours, expenditures, and other activity measures.

For fiscal year 1994-95, Act 128, P.A. 1995, continued with the reporting requirements as established in Act 117, P.A. 1984. Act 128 requires the colleges to annually report to the Department of Education certain information on ACS forms.

**AUDIT
OBJECTIVE
AND
CONCLUSION**

Audit Objective: To determine whether the ACS information reported to the Department of Education on the ACS forms was in accordance with the provisions of the annual appropriations act (Act 128, P.A. 1995), the Michigan Community Colleges Activities Classification Structure manual, the Manual for Uniform Financial Reporting of Michigan Public Community Colleges, and the Department of Education's instructions.

Conclusion: In our opinion, the seven community colleges at which we reviewed the accuracy of selected ACS information were in general compliance with the reporting requirements. However, the community colleges did not accurately report some information and did not retain all supporting documentation for audit (Findings 1 through 15). These reporting discrepancies were not considered material and did not impact the appropriation process. Several of our audit findings pertain to more than one college; therefore, we have included a summary of audit findings by college, as supplemental information, to identify the specific colleges involved.

AUDIT SCOPE

Our audit scope was to examine the financial and other records supporting the activities classification structure information reported by seven community colleges for their fiscal year ended June 30, 1995. 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 following community colleges were included in our audit:

Lake Michigan College
Mid Michigan Community College
Monroe County Community College
North Central Michigan College
Northwestern Michigan College
Southwestern Michigan College
Wayne County Community College

**AGENCY
RESPONSES**

Our audit includes 15 findings and recommendations. We discussed our audit findings with the management of each community college. The colleges' responses indicated concurrence with our findings.