

EXECUTIVE DIGEST

GRAND RAPIDS COMMUNITY COLLEGE

INTRODUCTION

This report, issued in October 1997, contains the results of our performance audit* of Grand Rapids Community College.

AUDIT PURPOSE

This performance audit was conducted under the authority of Section 203, Act 293, P.A. 1996 (a section of the community colleges' appropriations act), which mandates that the Auditor General conduct not less than three performance audits of community colleges each year.

BACKGROUND

Grand Rapids Community College is a public two-year institution of higher education offering academic, vocational-technical, and community education programs. The College, which is governed by a seven-member Board of Trustees, was established in 1914 as part of the Grand Rapids Public Schools system. Effective July 1, 1991, the College separated from the school system.

The College operates under the authority of Sections 389.1 - 389.195 of the *Michigan Compiled Laws*, commonly known as the Community College Act of 1966.

The College's mission* is to provide the community with lifelong educational experiences adapted to the learning styles and needs of individuals it serves, to prepare a world class work force able to compete in an international

marketplace, and to prepare students for successful transfer to four-year colleges and universities.

For the fiscal year ended June 30, 1996, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$64,112,334, expenditures and transfers of \$63,733,401, and enrollment of 6,958 full-year equated students. As of December 31, 1996, the College employed 238 full-time faculty, 258 part-time faculty, and 329 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 generally effective in helping students successfully complete their classes and programs. However, our assessment disclosed reportable conditions* relating to student academic assessment and placement and student academic progress (Findings 1 and 2).

Audit Objective: To assess the College's efforts and methods for evaluating the quality of education provided to students who completed associate degree and certificate programs or transferred to four-year colleges and universities.

Conclusion: The College's efforts and methods for evaluating the quality of education 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 1917 and has retained its accreditation without

interruption to the present. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through surveys of employers and graduates.

Audit Objective: To assess the College's methods for evaluating the effectiveness and efficiency* of its use of resources for education programs.

Conclusion: The College was generally making effective and efficient use of resources for education programs. However, our assessment disclosed reportable conditions relating to repetitive course enrollments, minimum class enrollments, and faculty release time* (Findings 3 through 5).

Audit Objective: To determine the College's compliance with the Legislature's reporting requirements for education programs as described in the appropriations acts and to evaluate capital outlay projects.

Conclusion: The College was in compliance with legislative reporting requirements for education programs as described in the appropriations acts. However, our evaluation of capital outlay projects disclosed one material condition*:

- The College did not accurately and completely report classroom and laboratory utilization information in its program statement document submitted to the Department of Management and Budget for a new science building (Finding 6a).

The College agreed with the corresponding recommendation.

Our evaluation also disclosed a reportable condition regarding procedures to determine the continued relevance of previously approved capital outlay projects (Finding 6b).

Audit Objective: To review selected internal accounting controls and the reporting of selected financial transactions.

Conclusion: Our review of selected internal accounting controls did not disclose any material weaknesses*. However, our review disclosed a reportable condition relating to internal controls over cash receipts (Finding 7). Also, our review indicated that the College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting for Community Colleges.

Audit Objective: To assess the College's methods for allocating operating and service costs paid by the General Fund for various self-liquidating and auxiliary activities and programs.

Conclusion: Our assessment disclosed that the College's methods for allocating operating and service costs paid by the General Fund for various self-liquidating and auxiliary activities and programs were appropriate.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of Grand Rapids Community 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.

Our review and testing of College records and procedures was primarily limited to the period January 1, 1994 through December 31, 1996.

We reviewed the College's admission process, evaluated the methods used for monitoring student progress, and analyzed the academic assessment and placement process. We also evaluated the College's efforts in assessing the quality of education provided to its students. In addition, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs and assessed the methods used to periodically assess the job training needs of the community's employers.

We evaluated the effectiveness and efficiency of the College's methods for using resources for education programs. We extracted student academic record information from the College's data base for use in examining the College's policies for repetitive course enrollments, minimum class enrollments, and high school student enrollments. Also, we determined if the College obtained required State approvals for capital outlay or renovation projects in compliance with appropriations acts and State procedures and examined the College's utilization rates for its classrooms and laboratories. We also reviewed the College's use of special State funding for compliance with State requirements.

We reviewed the adequacy of selected internal accounting controls and determined if the College reported selected financial transactions in compliance with the Manual for Uniform Financial Reporting for Community Colleges. Also, we determined the reasonableness of the College's allocation of operating and service costs paid by the General Fund to the auxiliary activities.

AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP

Our audit report contains 7 findings and 9 recommendations addressed to the College. The College's preliminary response indicated that it agreed with all 9 recommendations. The College has implemented or plans to implement 5 of the recommendations and will consider implementation of the other 4 recommendations with which it concurred. Our report also contains 1 recommendation addressed to the Department of Management and Budget. The Department's preliminary response indicated that it agreed with the recommendation.

The College had complied with 5 of the 6 prior audit recommendations included within the scope of our current audit.