

EXECUTIVE DIGEST

FERRIS STATE UNIVERSITY

INTRODUCTION

This report, issued in August 1997, contains the results of our performance audit of Ferris State University (FSU).

AUDIT PURPOSE

This performance audit* was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. For audits of universities, audit selection is based on several factors, such as length of time since our last audit and legislative requirements. Section 808(1), Act 312, P.A. 1994, mandates that the Auditor General audit the intercollegiate athletic programs at public universities.

BACKGROUND

FSU is accredited by the North Central Association of Colleges and Schools (NCA). FSU conducted an academic self-study in 1994, as required by the NCA. A number of FSU programs are also accredited periodically by various accrediting bodies.

Historically, FSU has had an admissions policy intended to provide educational opportunity to a broad array of students consistent with its status as a four-year university as well as its role to serve as the community college for the west central Michigan area.

This audit is required by statute to include an examination of revenues and expenditures, internal controls, disclosure of outside income, and the athletic program mission. In addition, the audit is to report on the number of student

athletes and the number and dollar amount of scholarships and other financial assistance provided to student athletes. Our report includes this information in the exhibits presented as supplemental information.

For the year ended June 30, 1996, current (general, designated, auxiliary activities, and expendable restricted) fund revenues were \$124.6 million (Exhibit 1) and expenditures and net transfers to other funds were \$124.8 million (Exhibit 2). General fund instruction expenditures were \$43.5 million (Exhibit 3) and student enrollment for fall semester 1995 was 9,767 (Exhibit 4).

Also, for the 1995-96 academic year, FSU had 544 full-time equated teaching faculty.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness of FSU management's methods and processes for monitoring academic and related programs provided to students.

Conclusion: We concluded that FSU management's methods and processes for monitoring academic and related programs provided to students were generally effective. However, we noted audit findings related to management information* and the Collegiate Skills Program (Findings 1 and 2).

Noteworthy Accomplishments: As noted in the FSU academic affairs annual report for the 1994-95 academic year, improving student retention has been a management priority. Retention rates measure the percentage of students enrolled in the fall semester who return the next fall. FSU established a retention committee and initiated a number of programs and actions to help students academically in an effort to increase retention rates, such as the Collegiate Skills and Structured Learning Assistance Programs. FSU also was developing a program to integrate its services for helping students academically.

FSU's reported retention rates, after a five-year decline, increased in fall 1996 for full-time "first time in any college" students.

FSU's retention rates had declined each year during our audit period. The retention rate was 52% for all full-time "first time in any college" students enrolled in both two-year and four-year programs comparing fall 1994 with fall 1995. Subsequent to our audit, the retention rate showed an increase to 57%, between fall 1995 and fall 1996. For full-time "first time in any college" students enrolled in four-year programs only, from fall 1994 to fall 1995, the retention rate was 53%. Subsequent to our audit, the retention rate showed an increase to 60%, between fall 1995 and fall 1996.

FSU's survey of graduates for the 1994-95 academic year resulted in a job placement rate (graduates employed or continuing their education) of 93%.

Audit Objective: To assess the efficiency of FSU management's use of resources allocated to provide academic and related programs to students.

Conclusion: We concluded that FSU management was generally efficient in its use of resources allocated to provide academic and related programs to students. However, we noted audit findings related to faculty work loads, course section size, and budget management policy (Findings 3 through 5).

Noteworthy Accomplishments: FSU assessed its use of resources and implemented a plan to reduce general fund costs as part of a "fiscal restructuring." This was partly in response to declining enrollments and State funding levels.

FSU implemented efficiencies in areas such as its procurement, receiving, and payables processes; transactions automation; budget planning process; and its overall use of technology. In addition, FSU management implemented student/customer service improvements in the areas of billings/receivables, registration, student housing renovation and rental plan offerings, and the remodeling and additions to its College of Arts and Sciences classroom buildings.

Audit Objective: To assess the effectiveness of FSU management's use of resources related to the intercollegiate athletic program.

Conclusion: We concluded that FSU management was generally effective in its use of resources related to the intercollegiate athletic program. However, we noted one audit finding related to control procedures over hockey ticket sales (Finding 6).

Noteworthy Accomplishments: An effective university intercollegiate athletic program strives to ensure academic progress as well as athletic achievement for its student athletes consistent with National Collegiate Athletic Association (NCAA) principles. During our audit period, the average grade point average of FSU student athletes exceeded that of the total student body. Similarly, the persistence (retention) rate reported to the NCAA indicated that the FSU persistence for student athletes exceeded that of the entire student body (60% for student athletes and 34% for all students, based on first time full-time students in 1991-92 who were still enrolled in 1994-95.)

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of Ferris State University. 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.

To accomplish our audit objectives, we analyzed accreditation reviews and surveys, professional examination scores, job placement rates, graduation rates, retention rates, various programs to assist students academically, faculty work loads and course section size. We examined revenues, expenditures, and related aspects of the intercollegiate athletic program. Our methodology included reviews and analyses for the period July 1, 1993 through August 31, 1996.

AGENCY RESPONSES

Our audit report includes 6 findings and 6 corresponding recommendations. The agency preliminary response indicated that FSU acknowledges our findings and has taken corrective action.