PERFORMANCE AUDIT

OF

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT

September 2001

32-370-00

EXECUTIVE DIGEST

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT

INTRODUCTION	This report, issued in September 2001, contains the results of our performance audit* of Wayne County Community College District.
AUDIT PURPOSE	This performance audit was conducted under the authority of Section 204(2), Act 109, P.A. 1999 (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	Wayne County Community College is a public, two-year, multicampus institution of higher education. The College district includes all of Wayne County, excluding the cities of Dearborn, Dearborn Heights, Livonia, and Highland Park. The College, established in 1967, 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 nine members elected at large to six-year terms. The College's mission* is to promote the educational, cultural, and economic development of the community by providing quality education.

* *See glossary at end of report for definition.*

For the fiscal year ended June 30, 2000, the College reported current fund revenue (general, designated, and restricted funds) of $60,289,898; expenditures and transfers of $67,113,921; and enrollment of 4,721 fiscal year equated students*.

As of June 30, 2000, the College employed 118 full-time faculty, 201 part-time faculty, and 546 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 efforts to use its educational program resources effectively* and efficiently*.

Conclusion: The College was generally not effective in its use of resources for educational programs; however, the College was generally efficient in its use of resources for educational programs. Our assessment disclosed two material conditions*:

- The College should significantly improve its process for monitoring the payment of student tuition and fees and initiating appropriate action regarding those students who do not make full payment (Finding 1).

  The College informed us that it agrees with the related recommendation and will initiate corrective action but stated that the deferred payment process must be sensitive to the needs of its student population.

- The College should significantly improve its student accounts receivable process to help ensure the timely collection of amounts owed the College (Finding 2).

  The College informed us that it agrees with the related recommendation and will initiate corrective action but

* *See glossary at end of report for definition.*

stated that it does not believe this to be a material issue.

Our assessment also disclosed reportable conditions* related to contract management, tuition and fees refund policy, payments to faculty members, faculty evaluations, and low enrollment classes (Findings 3 through 7).

Noteworthy Accomplishments: In June 2000, the North Central Association of Colleges and Schools awarded the College a 10-year accreditation with no required focused visits. This is the longest period of accreditation awarded by the Association. Also, during the last several years, the College has taken steps to improve its effectiveness and efficiency by developing a formal staff development and training program.

The U.S. Department of Education (USDOE) reviewed the College's Title IV student financial aid program for award years 1993-94 through 1995-96. The review disclosed significant problems, which resulted in USDOE placing the College on the reimbursement payment method* in 1996. In response, the College made numerous changes to the College's financial aid system, which included a centralized file review process and quality assurance operation. As a result, USDOE removed the College from the reimbursement payment method in March 2000.

Audit Objective: To assess the effectiveness of the College's admissions and monitoring practices to help students successfully complete their courses and programs.

Conclusion: The College's admissions and monitoring practices were moderately effective in helping students successfully complete their courses and

* *See glossary at end of report for definition.*

programs. Our assessment disclosed one material condition:

- The College should improve its controls for monitoring new students' completion of placement testing and enrollment in developmental courses*, when required (Finding 8).

  The College informed us that it agrees with the related recommendation and will initiate corrective action.

Our assessment also disclosed a reportable condition related to repetitive course enrollments (Finding 9).

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

Conclusion: The College was generally effective in its efforts to evaluate the quality of its educational programs. However, our assessment disclosed a reportable condition related to evaluation of the quality of educational programs (Finding 10).

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine the program and other records of Wayne County Community College District. 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 Wayne County Community College District are audited annually by a public accounting firm engaged by the College.

* *See glossary at end of report for definition.*

Our review and testing of College records and procedures were primarily for the period July 1, 1997 through November 30, 2000.

We reviewed the College's process for monitoring the payments of student tuition and fees and initiating appropriate action regarding students who do not make full payment. Also, we reviewed the College's student accounts receivable billing and collection process. Further, we assessed the College's contract management practices and reviewed the College's efforts to improve its financial aid processing systems. We also assessed the College's tuition and fees refund policy, faculty overload and release time payments, and faculty evaluation process.

We extracted student academic record information from the College's database for use in examining repetitive course enrollment, minimum class enrollments, and underage student enrollments. We also analyzed the College's use of classrooms and faculty.

We reviewed the College's admission process. Also, we evaluated the methods used for monitoring student progress and analyzed the academic assessment and placement process.

We reviewed the College's efforts to assess the quality of educational programs. Also, we reviewed the methods used by the College 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.

AGENCY RESPONSES

Our audit report contains 10 findings and 13 recommendations. The College's preliminary response indicated that it agreed with the 13 recommendations. The College informed us that it has implemented or plans to implement all 13 recommendations.

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September 27, 2001

Mr. Frank Hayden, Chairperson
Board of Trustees
and
Dr. Curtis L. Ivery, Chancellor
Wayne County Community College District
Detroit, Michigan

Dear Mr. Hayden and Dr. Ivery:

This is our report on the performance audit of Wayne County Community College District.

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 acronyms and 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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GLOSSARY

Description of Agency

Wayne County Community College is a public, two-year, multicampus institution of higher education. The College district includes all of Wayne County, excluding the cities of Dearborn, Dearborn Heights, Livonia, and Highland Park.

The College, established in 1967, 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 nine members elected at large to six-year terms.

The College's mission is to promote the educational, cultural, and economic development of the community by providing quality education.

For the fiscal year ended June 30, 2000, the College reported current fund revenue (general, designated, and restricted funds) of $60,289,898; expenditures and transfers of $67,113,921; and enrollment of 4,721 fiscal year equated students.

As of June 30, 2000, the College employed 118 full-time faculty, 201 part-time faculty, and 546 full-time and part-time administrative and support personnel.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Wayne County Community College District had the following objectives:

1. To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.

2. To assess the effectiveness of the College's admissions and monitoring practices to help students successfully complete their courses and programs.

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

Audit Scope

Our audit scope was to examine the program and other records of Wayne County Community College District. 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 Wayne County Community College District are audited annually by a public accounting firm engaged by the College.

Audit Methodology

Our audit fieldwork was performed from June through November 2000. Our review and testing of College records and procedures were primarily for the period July 1, 1997 through November 30, 2000.

To accomplish our first objective, we reviewed the College's process for monitoring the payments of student tuition and fees and initiating appropriate action regarding students who do not make full payment. Also, we reviewed the College's student accounts receivable billing and collection process. Further, we assessed the College's contract management practices and reviewed the appropriateness of expenditures and completeness of rental payments for selected contracts. In addition, we evaluated the reasonableness of the College's tuition and fees refund policy by comparing it with policies of other community colleges.

We documented and tested the College's controls over faculty overload and release time payments. Also, we evaluated the College's processes for administrative and student evaluations of faculty. Further, we extracted student academic record information from the College's database for use in examining repetitive course enrollment, minimum class enrollments, and underage student enrollments. We also analyzed the College's use of classrooms and faculty and reviewed the College's efforts to improve its financial aid processing systems.

To accomplish our second objective, we reviewed the College's admission process and evaluated methods used by the College for enrolling students in developmental courses and monitoring students' progress. We analyzed the College's academic assessment and placement process by reviewing a random sample of students enrolled at the College during fall semester 1997 through spring semester 2000.

To accomplish our third objective, we reviewed the College's efforts to assess the quality of its educational programs. We analyzed the College's efforts to obtain results of licensing and certification examinations and processes used to contact employers of graduates and four-year colleges and universities to determine if the training provided by the College was adequate. We also reviewed the methods used by the College to periodically assess the job training needs of the community's employers. Further, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs.

Agency Responses

Our audit report contains 10 findings and 13 recommendations. The College's preliminary response indicated that it agreed with the 13 recommendations. The College informed us that it has implemented or plans to implement all 13 recommendations.

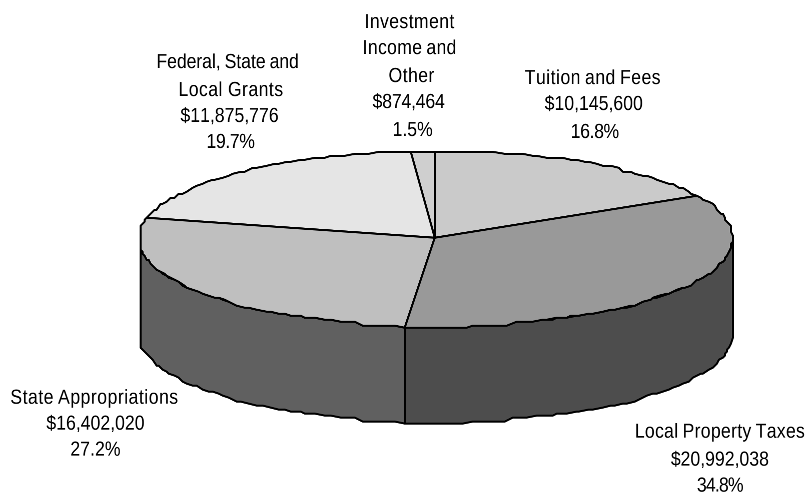
The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussions subsequent to our audit fieldwork. Annual appropriations acts require the principal executive officer of the audited institution to submit a written response to our audit to the House and Senate Appropriations Committees, the House and Senate Fiscal Agencies, the Michigan Department of Career Development, 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

EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

COMMENT

Background: The Wayne County Community College District receives revenue for educational programs from four primary sources: local property taxes, State appropriations, grants, and tuition and fees. The following chart shows total revenue, by funding source, for the fiscal year ended June 30, 2000:



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 not effective in its use of resources for educational programs; however, the College was generally efficient in its use of resources for educational programs. Our assessment disclosed two material conditions. The College should significantly improve its process for monitoring the payment of student tuition and fees and initiating appropriate action regarding those students who do not make full payment. Also, the College should significantly improve its student accounts receivable process to help ensure the timely collection of amounts owed the College.

Our assessment also disclosed reportable conditions related to contract management, tuition and fees refund policy, payments to faculty members, faculty evaluations, and low enrollment classes.

Noteworthy Accomplishment: In June 2000, the North Central Association of Colleges and Schools awarded the College a 10-year accreditation with no required focused visits. This is the longest period of accreditation awarded by the Association. Also, during the last several years, the College has taken steps to improve its effectiveness and efficiency by developing a formal staff development and training program.

The U.S. Department of Education (USDOE) reviewed the College's Title IV student financial aid program for award years 1993-94 through 1995-96. The review disclosed significant problems, which resulted in USDOE placing the College on the reimbursement payment method status in 1996. In response, the College made numerous changes to the College's financial aid system, which included a centralized file review process and quality assurance operation. As a result, USDOE removed the College from the reimbursement payment method in March 2000.

FINDING

1. Student Tuition and Fees Process

The College should significantly improve its process for monitoring the payment of student tuition and fees and initiating appropriate action regarding those students who do not make full payment. We concluded that the College's process was not effective and consider this condition to be a material internal control weakness.

College policy 5.4.4 allows students to register for and attend classes by making a partial payment of tuition and fees prior to the start of classes. The policy requires a payment at the time of registration of at least 65% of the student's assessed tuition and fees for the semester. The policy does not distinguish between financial aid, third party sponsorship, or cash payment students. Students must pay the deferred balance by a designated date later in the semester. The College had a related operating procedure that required it to drop students from classes if the students did not pay their tuition and fees by established due dates. However, the College informed us that administrators could use discretion on whether to comply with the procedure. For the spring semester 2001, approximately 30% of the College's students deferred tuition and fees.

Students may register for classes at any of the College's five campuses. The registration clerks at each campus enter the students' registration information into the College's automated student information system. The registration clerks ask students if they have applied for financial aid or have other third party sponsorship. Students who state that they have applied for financial aid are finished with registration regardless of the amount of financial aid. The registration clerks provide the students who state that they have other third party sponsorship or no outside sponsorship with a bill for the applicable tuition and fees. The registration clerks send these students to the respective campus cashier for payment of tuition and fees. The campus cashiers request students with other third party sponsorship to provide proof of their sponsorship. The campus cashiers enter the pertinent information about the sponsorship into the College's student accounting system and forward this information to the College's accounts receivable department. These students are then finished with registration regardless of the amount of other third party sponsorship.

Students without financial aid or other third party sponsorship must pay at least 65% of the assessed tuition and fees to the campus cashier. The campus cashiers post all direct student payments received to the College's student accounting system. Also, the campus cashiers instruct students who cannot pay at least 65% of the assessed tuition and fees to return to registration and drop the classes for which they did not make sufficient payment.

As of July 1, 2000, students owed the College approximately $9.3 million for the 1996-97 through 1999-2000 fiscal years. Much of this student accounts receivable balance resulted from unpaid tuition and fees. Individual student accounts receivable were as high as $6,316 and related to unpaid tuition and fees from 1 to 11 semesters.

We reviewed the College's process for monitoring student payments for tuition and fees and initiating subsequent action regarding those students who did not make such payments. Our review included the examination of pertinent records for 12 students who were enrolled in classes anytime during the period summer semester 1997 through summer semester 2000 and had unpaid tuition and fees for 5 or more semesters. Specifically, our review disclosed:

a. The College did not drop students who did not pay at least 65% of their assessed tuition and fees at registration.

Campus cashiers instruct those students who do not pay at least 65% of their tuition and fees at registration to drop the classes for which they did not make sufficient payment. The College places the burden of dropping the classes on the student and does not monitor to determine whether the student actually dropped the classes. Students who did not drop their class registrations continued to be enrolled in the classes. However, the College informed us that it was its general practice to allow students who do not pay at least 65% of their assessed tuition and fees at registration to remain enrolled.

Nine of the 12 students whose records we reviewed did not have financial aid or other third party sponsorship during one or more semesters. The College allowed all 9 of these students to attend classes and receive credit for the classes 39 times without paying at least 65% of their assessed tuition and fees at the time of registration. This occurred during the semesters in which these 9 students were enrolled in classes at the College and did not have financial aid or other third party sponsorship. In a number of these instances, the students did not pay any tuition or fees at the time of registration or during the semester. This practice did not comply with established College procedure and had a significant negative fiscal effect on the College.

b. The College did not identify students who did not pay the balance of their deferred tuition and fees by the designated due date and drop the students from applicable classes.

   Nine of the 12 students whose records we reviewed completed classes, received grades, and earned credits towards graduation during a collective total of 40 semesters without paying the balance of their deferred tuition and fees by the designated due date. These students owed the College $30,868 for tuition and fees from the 40 semesters. The College did not require the 3 remaining students to pay the balance of their tuition and fees by the designated due date because the College expected financial aid or other third party sponsorship to pay part or all of the students' tuition and fees.

   The College informed us that it served a student population with unique academic and financial challenges and did not want to impede their academic progress by dropping the students' classes for failing to pay their deferred tuition and fees. We recognize the challenges that may face the College's students. However, much of the College's student accounts receivable balance results from deferred tuition and fees. As noted in Finding 2, the College's limited success in collecting these receivables results in an ineffective use of its limited resources.

c. The College's use of financial holds was ineffective.

The College's unwritten policy was to place a financial hold on those students with past due accounts receivable. The intent of a financial hold is to prompt students to pay amounts owed to the College by preventing the students from registering for classes and receiving grades and official transcripts. The College's management information systems department placed financial holds electronically. The College also permitted designated staff to manually place, remove, and delete financial holds, as necessary. When College staff removed financial holds, the College maintained a record related to the dates the holds were removed and, in some instances, the individuals who removed them. However, when College staff deleted financial holds, no record was created related to the date the hold was deleted and who deleted it. Also, the original hold record related to the deleted hold was purged from the management information system. The proper use of financial holds is critical to having an effective system for initiating appropriate action regarding students with unpaid tuition and fees.

Our review of the College's use of financial holds determined:

(1) The College frequently did not place financial holds on applicable students.

Eight of the 12 students were not on a financial hold at the time of our review. Three of the 8 students had previously been on hold; however, College staff had inappropriately removed the holds without the students paying all amounts owed to the College. Because the College may have deleted some financial holds and, therefore, could not document them, the College could not determine whether it had ever placed a financial hold on the 5 remaining students or additional holds on the 7 students who either were on financial hold (4 students) or had previously been on hold (3 students). However, the College's management information systems department informed us that it had not electronically placed financial holds in approximately two years. Therefore, it is doubtful that the College had ever placed financial holds on 5 of the students.

(2) The College sometimes did not place manual financial holds on students in a timely manner.

For example, of the 4 students who had a financial hold, the College had manually placed a financial hold on 1 student in June 2000 for amounts owed for classes attended during the period fall semester 1997 through the summer semester 2000. If the College had placed the hold for the fall semester 1997 at the end of that semester, the College could have prevented the student from registering during 7 subsequent semesters, for which the student owed an additional $1,640 in unpaid tuition and fees. We could not determine whether the College had manually placed other financial holds in a timely manner because College staff did not always accurately record the dates on which they placed financial holds.

(3) Financial holds placed by the College frequently did not prevent students from registering for classes and receiving grades and transcripts.

Six students registered for and completed classes and/or received their semester grades a total of 16 times while on financial hold. Also, 2 of the 6 students requested and received a total of 5 official transcripts while on financial hold. The College could not explain the ineffectiveness of the financial holds and did not have documentation to support the propriety of any of the occurrences regarding the 6 students.

d. The College often did not assess students some applicable fees.

The College informed us that its student accounting system electronically assessed registration, late registration, drop/add, and default fees as appropriate. The College also informed us that it required cashiers at each campus to assess deferred fees when students paid less than 100% of assessed tuition and fees. However, the cashier at one campus and the College's accounts receivable supervisor were unaware of the deferred fees requirement.

The College had not assessed and billed the 12 students for 2 registrations, 8 late registrations, 20 course drops/adds, 62 defaults, and 33 deferred fees totaling $1,820 and could not explain why the student accounting system had not assessed the applicable fees. In addition, the campus cashiers may not have assessed the deferred fees because the students had not gone to the cashier to make a partial tuition and fees payment. As a result, the cashiers would not have been aware of the need to assess the deferred fees.

The College's lack of an effective process for monitoring the payment of tuition and fees and initiating appropriate action regarding those students who did not make such payments resulted in the College's significant student accounts receivable balance. Also, the lack of an effective process significantly contributed to the write-off of approximately $6.9 million in student accounts receivable as uncollectable for the four-year period ending June 30, 2000.

RECOMMENDATION

We recommend that the College significantly improve its process for monitoring the payment of student tuition and fees and initiating appropriate action regarding those students who do not make full payment.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

The deferred tuition payment process serves a vital role in assisting the College's students to meet their financial obligations. One way to keep the door of educational opportunity open to students from low-income families is to be as flexible and accommodating as the College can with regard to how the students cover college costs. Many of the College's students would not be able to attend college if they had to pay full tuition and fee costs at registration. It is sound policy from an economic perspective to allow students to defer payments on a portion of their tuition and fees. The College would realize a loss in tuition revenue from those students who would be financially unable to enroll without such a plan. While the deferred payment process can be improved, it is imperative that the College continue to be appropriately sensitive to its student population and administer the process in a way that best serves the needs of the students.

The College informed us that it is currently reviewing proposals to implement the following policy/process improvements:

(1) Students must pay at least 65% of their total charges at registration. Students with financial aid or other third party sponsorship not covering at least 65% of total charges must pay the difference in cash before registration is complete. Placing the cashiering and enrollment certification function with the cashier will ensure student payment.

(2) The College will charge a deferment fee to students not making full payment at registration.

(3) Students must pay cash at registration if third party sponsorship contains conditions, such as earning a minimum grade.

(4) Students applying for, but not yet awarded, financial aid must pay cash at registration.

(5) The College will purge the registrations of students not paying 65% of their total charges by the close of registration.

(6) Students must pay all deferred balances by a mid-term due date. Unpaid balances will result in a late fee and an accounts receivable hold. Accounts receivable holds will prevent the release of transcripts and subsequent registration. In extenuating circumstances, campus business office staff will be permitted to collect 50% of deferred balances and enter into time-specific payment agreements with students. Failure to comply with a payment agreement will result in an accounts receivable hold.

FINDING

2. Student Accounts Receivable Process

The College should significantly improve its student accounts receivable process to help ensure the timely collection of amounts owed the College. The College's current accounts receivable process was not effective and requires significant improvement. We consider this to be a material internal control weakness.

As of July 1, 2000, students owed the College approximately $9.3 million for the 1996-97 through 1999-2000 fiscal years. Much of this student accounts receivable balance resulted from unpaid tuition and fees. These unpaid tuition and fees represented 21.4% of all tuition and fees assessed during the period. During these four fiscal years, the College wrote off approximately $6.9 million in student accounts receivable as uncollectable. Although the amounts written off as uncollectable were not necessarily assessed during the four-year period, the $6.9 million write-off represented a significant percentage of the College's assessed tuition and fees.

To evaluate the College's efforts to collect student accounts receivable, we reviewed the accounts receivable for 12 students who owed the College a total of $34,917, primarily for tuition and fees from 5 or more semesters. These are the same 12 students whose records we reviewed in our finding on student tuition and fees (Finding 1). Specifically, our review disclosed:

a. The College had not established and implemented formal written policies and procedures for its student accounts receivable process.

   Written policies and procedures should address such issues as criteria for and timelines of billing, use of alternative collection methods and tools, financial holds, and reconciliations. Such policies and procedures would help ensure that the College effectively manages its student accounts receivable. The lack of formal written policies and procedures most likely contributed to a number of the conditions noted in this finding.

b. The College did not bill students for current semester tuition and fees on a timely and periodic basis.

   The College usually billed students for unpaid current semester tuition and fees only once and generally after the amounts were already past due. For example, the College mailed its billings for the 3 summer semesters 2000 during the first week of September 2000. These semesters had ended July 3, 2000, August 2, 2000, and August 23, 2000, respectively. Tuition and fees had been due on a predetermined date during each of these semesters. An effective accounts receivable process requires the timely and periodic billing of current receivables in order to increase the likelihood of collection.

c. The College did not issue timely and periodic comprehensive billings to students for all tuition and fees owed the College from past semesters.

The College could not provide us with the date that it last issued comprehensive billings because it did not document its collection actions. However, the College estimated that such billings were last issued in 1997 or 1998. The College informed us that it did not send out periodic comprehensive billings on a more frequent basis because its accounting system required programming changes in order to generate the billings. The College also informed us that the necessary programming changes would take approximately 40 hours to complete. Without the ability to generate the billings on its accounting system, the College had to generate the comprehensive billings on stand-alone computers, which was a time-consuming and inefficient process.

The issuing of periodic and timely comprehensive billings to students for all amounts owed is critical to an effective student accounts receivable process.

d. The College did not bill students for tuition and fees that exceeded the students' financial aid award or sponsor payment.

Ten of the 12 students in our review either received financial aid or were sponsored by a third party. The 10 students had accumulated $19,881 in unpaid tuition and fees for numerous semesters that exceeded the actual financial aid or sponsor payments. The College did not issue billings to any of the 10 students for the unpaid tuition and fees. The College informed us that its practice was to exclude such students from the current semester billing of students' accounts receivable. For example, if a student had total assessed tuition and fees of $900 for a semester and received $500 in financial aid for the semester, the College would not bill the student for the $400 difference if the student did not pay it. For the fall semester 1999 and spring semester 2000, an average of 34.4% of the College's students received financial aid or were sponsored by other third parties and, therefore, were excluded from the billing/collection process.

e. The College did not utilize telephone calls, collection letters, or a collection agency to help in the collection of delinquent accounts.

These, along with other administrative tools, are common practices often used effectively in collecting delinquent accounts receivable. Such tools should help to increase the collection of student accounts receivable. During our audit, the College contracted with a collection agency to pursue collection of past due accounts.

f. The College had not reconciled the detailed student accounts receivable recorded on its student accounting system with its general ledger accounts receivable balance.

As of June 30, 2000, student accounts receivable recorded on the College's general ledger totaled approximately $6.6 million while its student accounting system reflected approximately $16.3 million for these. The difference was related to the write-off of uncollectable accounts. The College could not complete the reconciliation because it did not identify in its student accounting system those student accounts receivable written off on the College's general ledger.

In its management letter for the year ended June 30, 1999, the College's independent auditor recommended that the College develop procedures for monitoring and reconciling amounts on the general ledger with the student accounting system. The reconciliation was needed to ensure the validity and accuracy of the amounts recorded. The College responded that it planned to take the necessary action to comply with the auditor's recommendation, but had not. The independent auditor again addressed this issue in its management letter for the year ended June 30, 2000.

Without an effective student accounts receivable process, the College's ability to collect amounts owed the College for tuition and fees is seriously diminished. Industry statistics show that the likelihood of recovering amounts owed decreases dramatically the longer a debt is delinquent.

RECOMMENDATION

We recommend that the College significantly improve its student accounts receivable process to help ensure the timely collection of amounts owed the College.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

However, the College does not believe this to be a material issue because students who make a partial payment at registration still contribute to the College's overall revenue. Moreover, the total tuition collected by the College far exceeds the portion that is unpaid and eventually becomes uncollectible. Nonetheless, the College informed us that it has made or is considering the following process improvements:

(1) The College will establish a schedule for routine accounts receivable tasks, including the generation of student statements each semester/term.

(2) The College will use available software to identify students with past-due balances and related collection efforts.

(3) The College will make collection assignments to staff each semester/term.

(4) The College will assign student accounts to an outside collection agency. The College will assess the effectiveness of the collection agency.

FINDING

3. Contract Management

The College should improve its fiscal management controls for contracts.

The College contracts for a number of services. The purchasing department was primarily responsible for selecting the vendors to provide services and developing contracts. The College had assigned to the accounting department the responsibility of managing contracts to help ensure vendor compliance with the financial terms of the contract.

We reviewed the College's fiscal management practices for three larger contracted services. Our review disclosed a number of deficiencies:

a. The College entered into the contract with the bookstore vendor in April 1998. The contract provided that the vendor operate a bookstore at each of the five campuses and pay commissions to the College based on a percentage of sales, with a guaranteed minimum annual commission amount. The vendor sold the business in November 1999. Regarding the bookstore contract:

(1) The College did not take appropriate action to ensure that it received all commissions applicable to the bookstore contract.

As of November 20, 2000, the College had not collected $39,375 in unpaid commissions for the period July 1999 through November 15, 1999.

The accounting department informed us that it was aware of the unpaid commissions but that its collection efforts had been limited to two unanswered telephone messages. However, the College could not document the limited collection efforts.

(2) The College did not take appropriate action to ensure that it received bookstore commission payments in a timely manner.

The bookstore contract required the vendor to pay commissions to the College on a monthly basis. However, neither the original vendor nor the buyer vendor paid commissions in accordance with the contract. Instead, the vendors made either annual or semiannual payments to the College. For example, the buyer vendor made the commission payment for the period November 1999 through June 2000 in October 2000.

Taking appropriate action to ensure the timely receipt of bookstore commissions would not only help to improve the College's cash flow, but would also help to prevent conditions such as those described in part a.(1) of this finding.

(3) The College did not periodically review the vendor's financial records.

The bookstore contract stated that the College had the right to examine any records of the bookstore vendor involving transactions related to the contract. Periodically reviewing such records would provide the College with its only internal control to determine the propriety of the vendor's reported bookstore sales and corresponding commission payments.

b. The College contracted with a vendor to provide food and beverage vending services to all the College's campuses, effective March 1, 1998. The contract required that the vendor pay commissions to the College. Regarding the vending contract:

(1) The College did not monitor commission payment amounts to ensure that the vendor made such payments in accordance with the contract.

The vending contract required that the vendor pay the College a minimum guaranteed commission of $44,500 for the first year of the contract, which ended February 28, 1999. Our review disclosed that the College received only $16,624 in commissions for the first year of the contract, resulting in an underpayment of $27,876 that was still owed to the College. The College had not identified and attempted to collect the underpayment.

The College's accounting department informed us that it had not identified the underpayment because it had not received a copy of the vending contract, and therefore, was unaware of the rent payment requirements in the contract.

(2) The College did not require the vendor to submit pertinent sales and other financial data to the College for review. Also, the College did not periodically review the vendor's financial records.

The vending contract required the vendor to pay the College commissions of 40.1% of net sales for the second and all subsequent years of the contract. The vending contract stated that the College had the right to examine any records of the vendor involving transactions related to the contract. However, the contract did not require and the vendor did not provide the College with sales or any other financial data. Without such data, the College could not determine whether the vendor had paid commissions in accordance with the contract.

In its October 1997 bid proposal, the contractor had illustrated the annual commissions the College could expect in the second and subsequent years of the contract. From this information, we calculated that the College could expect approximately $36,639 in annual commissions if vending sales remained constant with 1997 sales levels. We determined that the College had received only $16,536 in commissions for the second year of the contract, which equated to a 54.9% drop in net sales from 1997 levels. Further, the commissions paid to the College for the next 6-month period had dropped an additional 33.2% from the same period a year earlier. Given that student enrollment during the second and third year of the contract remained relatively constant with 1997 enrollment, the propriety of the commission received for the vending contract would appear questionable. The College stated that the decreased vending commissions may have been caused by increased competition from the campus bookstores and poor vendor pricing strategies.

(3) The College did not take appropriate action to ensure that it received vending commission payments in a timely manner.

The vending contract required the vendor to pay commissions to the College on a monthly basis. However, rather than making the commission payments in accordance with the contract, the vendor made intermittent payments to the College. For example, the vendor paid its commission for the period February 2000 through August 2000 on September 21, 2000.

(4) The College had not formally renewed the vending contract.

The vending contract was a one-year contract for the period ended February 28, 1999 that the College could renew annually for up to five years. The vendor continued to provide vending services even though the College, as of December 15, 2000, had not formally renewed or otherwise extended the expired contract. Such a formal document would help to protect the College in the case of nonperformance by the vendor.

c. Because of ongoing problems regarding the processing of financial aid claims, the U.S. Department of Education (USDOE) placed the College on the reimbursement payment method in March 1996. As a result, the College entered into multiple contracts with a vendor to assist the College with its financial aid claims processing and to design and implement a reimbursement claims processing system. The contracts were for the period from approximately July 1996 through October 1999 and the College had expended approximately $2.64 million on these contracts. Regarding the contracts for financial aid claims assistance:

(1) The College did not maintain comprehensive contract files.

The College could not locate four of the contracts for which it had expended $152,476. As a result, we could not review the contracts to identify services to be provided and determine the propriety of related expenditures. We attempted to obtain the contracts from the vendor; however, the vendor informed us that it had already purged its records for the College contracts.

(2) The College did not effectively monitor contract expenditures.

We reviewed certain aspects related to the College's monitoring of approximately $2.49 million in expenditures for the financial aid claims assistance contracts. Specifically, our review disclosed:

(a) The College appeared to have overpaid the vendor $87,500 for financial aid claims processing services.

The pertinent contract for financial aid processing services stated that the vendor's payment would be a fixed percentage of the College's financial aid claims paid by USDOE. The contract also stated that, in lieu of this fixed percentage rate, the vendor could invoice the College a base monthly fee of $85,500 if USDOE delayed the College from receiving reimbursement on its submitted claims. The contract further stated that any base monthly fee paid would be deducted from any subsequent fixed percentage payment.

We determined that the vendor had billed the College at the fixed percentage rate and received payment for all claims processed. The vendor also billed the College for $87,500 for one month's services. Although this amount was $2,000 higher than the base monthly fee stated in the contract, it appears that the $87,500 was a base monthly fee payment for one month. The College paid the $87,500 but did not deduct this amount from its fixed percentage payment. Neither the College nor the vendor could document or otherwise explain the propriety of the $87,500 payment. Therefore, it appears that the College had overpaid the vendor by this amount.

(b) The College did not recoup advance payments totaling $25,000 made on two contracts.

The applicable contracts stated that the advance payments would be applied against the last payments due from the College for these contracts. However, neither the College nor the contractor could provide us with documentation that the advance payments had been applied against the last contract payments or that the College had otherwise recouped the advances.

(c) The College did not recoup a duplicate payment of $10,462 in a timely manner.

On two occasions, the College paid the vendor for invoices that were marked as duplicates of prior invoices. In both instances, the College had already paid the original invoice. The College identified one of the duplicate payments and netted it against the next invoice submitted by the vendor. The College informed us that it had identified the other duplicate payment. However, the College had not netted the duplicate payment against any of the numerous subsequent payments made to the vendor.

The College informed us that it still had one outstanding invoice from the vendor and planned to net the duplicate payment against this invoice.

The results of our review indicate that the College's fiscal management controls were not effective in ensuring that vendors complied with all provisions of contracts and that the College maximized and effectively utilized its limited resources.

Recommendations

We recommend that the College improve its fiscal management controls for contracts.

We also recommend that the College take appropriate action to recoup amounts owed to the College regarding the bookstore, vending, and financial aid claims assistance contracts.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendations.

The College believes that the revenue amounts represented by the bookstore and food and beverage contracts are immaterial with respect to the College's overall revenue base. However, the College informed us that it has assigned a Finance Department staff person to the position of contract manager to monitor and review the performance of the various contractors. In addition, the College informed us that it is pursuing collection of amounts due from the original bookstore vendor and commissions are up to date with the current bookstore vendor. Further, the College informed us that it has negotiated and received a financial settlement with the vendor who had provided food and beverage services. The College informed us that this vendor was experiencing financial difficulty and has since sought bankruptcy protection. The College also informed us that it has replaced this vendor with another vendor. Finally, the College informed us that it is in the process of trying to collect overpayments made to the consulting firm for services related to financial aid reimbursement. However, the College informed us that the consulting firm vehemently disputes the overpayments.

FINDING

4. Tuition and Fees Refund Policy

The College should review and appropriately revise its policy for refunding student tuition and fees.

A normal semester at the College is 15 weeks long. The College's refund policy provided full or partial refunds of tuition and fees paid by students for classes that the students dropped or withdrew from by predetermined dates each semester. The College fully refunded tuition and fees paid for classes dropped or withdrawn from within the first 2 weeks of each semester. Also, the College refunded 50% of tuition and fees paid for classes withdrawn from after the second week, but before the end of the fourth week of each semester. Further, the College refunded 25% of tuition and fees paid for classes withdrawn from after the fourth week, but before the end of the eighth week of each semester.

We obtained and reviewed a 1999 survey of the refund policies of the State's 28 community colleges completed by one of the colleges. The study indicated that the College provided refunds much further into a semester than the other 27 community colleges. Specifically, 26 (96.3%) of the 27 other colleges did not provide refunds for classes dropped beyond the second week of classes. The remaining college stopped providing refunds after the third week of classes. Also, many of the 26 colleges refunded a significantly smaller percentage of the tuition and fees within the first 2 weeks of each semester/term than the College.

The College informed us that it had modeled its refund policy after the federal Title IV financial aid refund policy with the intent of having one policy for all students. We reviewed the Title IV financial aid refund policy and noted that the policy only applied to those Title IV recipients who were attending college for the first time and who had completely withdrawn from college. An analysis of College refunds for the spring semester 2000 disclosed that the number and dollar amount of refunds processed by the College for these students was minimal compared with those processed for all other students. We also noted that the Title IV financial aid refund policy for academic year 2000-2001 had changed and the refund requirements on which the College's refund policy was based were no longer applicable.

We determined that the College would have increased its revenue by up to $762,000 during the fall semester 1997 through the spring semester 2000 (an average of $84,667 per semester) if it had limited refunds to the first 2 weeks of classes, as is the policy of 26 of the other 27 community colleges. In addition, the College's refund policy may be an incentive for students to withdraw from classes well into a semester, which not only could have a negative effect on student academic progress but could also result in an ineffective use of College resources.

RECOMMENDATION

We recommend that the College review and appropriately revise its policy for refunding student tuition and fees.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

The College enacted the current tuition refund policy to comply with federal regulations regarding students receiving Title IV financial aid. Now that this requirement no longer exists, the College is open to adjusting its refund policy. The fact that the College's refund policy is different from that of the other community colleges may simply reflect the College's unique mission and constituency. The College plans to study its tuition refund policy and make appropriate changes as may be warranted.

FINDING

5. Payments to Faculty Members

The College should continue to improve its controls for ensuring the accuracy of amounts paid to full-time faculty members for overload and to part-time faculty. Also, the College should review the accuracy of past payments to full-time faculty members for overload and to part-time faculty and recover all overpayments.

The master contract between the College and its faculty union establishes teaching loads for full-time faculty members. Classes taught in excess of contracted teaching loads during the fall and spring semesters and all classes taught during the summer semesters were paid as overload. Paying a full-time faculty member to teach a class as overload is generally less expensive than paying a part-time faculty member to teach the same class. The College expended approximately $3.3 million on full-time faculty overload and $10.9 million on part-time faculty during the period fall semester 1997 through spring semester 2000.

We reviewed total amounts paid to 9 full-time faculty members whose original assigned teaching loads for a semester included overload and amounts paid to 6 part-time faculty. One semester was reviewed for each faculty member during the period fall semester 1997 through spring semester 2000. We determined that the College made inappropriate overload payments to 3 (33.3%) of the 9 full-time faculty members, and inappropriately paid 1 (16.7%) of the 6 part-time faculty members. The inappropriate payments, excluding payroll taxes, ranged from $1,755 to $3,776, and totaled $9,878.

The inappropriate payments occurred because of class cancellations that resulted in reductions to the 4 faculty members' originally assigned teaching loads. Each of the 4 faculty members did not teach one of the classes included in the faculty member's originally assigned teaching load but was paid as if the faculty member had taught all of the classes. Also, the College had no record of being notified by the 4 faculty members that they had been overpaid.

Changes made to faculty's original teaching load assignments, which are caused by class cancellations, require manual input into both the College's automated student information system and its payroll system. The manual input into the student information system was performed at the College's five campuses and the manual input into the payroll system was performed at the central administration building. Manual input into both systems was required because the systems did not interface.

For the 4 overpayments discussed above, we determined that employees at the various campuses input the necessary changes into the student information system but had not processed the required paperwork to effect the input of necessary changes into the payroll system at the central administration building. The College did not have controls in place to ensure that applicable data in both systems corresponded, which resulted in the overpayments. During our audit fieldwork, the College improved its controls by assigning one person at the central administration building to centrally input the necessary changes into the student information system and process the required paperwork to effect the necessary changes into the payroll system. However, the College could further improve its controls and efficiency by creating an interface between the student information system and the payroll system, and using monitoring reports to identify discrepancies between the two systems.

RECOMMENDATIONS

We recommend that the College continue to improve its controls for ensuring the accuracy of amounts paid to full-time faculty members for overload and to part-time faculty.

We also recommend that the College review the accuracy of past payments to full-time faculty members for overload and to part-time faculty and recover all overpayments.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendations.

The College agrees that it overpaid 4 faculty members a total of $9,878. The College informed us that it is currently in the process of collecting this amount and is employing tighter measures to help prevent such overpayments from occurring in the future.

The College is very concerned about ensuring the accuracy of amounts paid to full-time faculty for overload and to part-time faculty. As such, the College informed us that it has recently appointed a task force to develop processes to ensure that the course cancellation system, the student information system, and the payroll system are coordinated and that no payments are made for courses that are eventually canceled. The College will study further the need to improve its controls as recommended. Additionally, the College informed us that it has conducted its own review of cancellations and overpayments and is aggressively pursuing recovery of both auditor- and College-identified overpayments.

FINDING

6. Faculty Evaluations

The College should establish an effective process to ensure the routine evaluation of faculty.

During academic year 1998-99, the College employed 118 full-time and 201 part-time faculty members, and approximately 32.4% of the dollar amount of the College's total expenditures for the year were for faculty salaries. The College's master contract with its faculty union requires College administrators to evaluate continuing full-time faculty at least once each academic year. The College's campus assistant deans for instruction (CADIs) prepare the administrative evaluations for faculty. The contract does not address administrative evaluations for part-time faculty. Also, the contract requires that students be given the opportunity to evaluate all faculty members each semester.

Our review of the administrative evaluations for academic year 1998-99 disclosed that the CADIs did not evaluate 52 (44.1%) of the 118 full-time faculty members. Also, 24 (46.2%) of the 52 faculty members had never received an evaluation, even though they had been employed by the College between 2 and 30 years. Further, another 21 (40.4%) of the 52 faculty members had not received an evaluation since at least 1994. The Dean for Academic Services informed us that personnel changes in the CADI positions have contributed to the College's failure to annually evaluate some of its full-time faculty.

Also, because 63.0% of the College's faculty are part-time, it appears that periodic administrative evaluations of part-time faculty would be useful to management and, therefore, in the best interest of the College and its students.

The College provided students the opportunity to evaluate faculty in only 7 of its 50 programs. The College informed us that, up until 6 years ago, students in all of its programs had the opportunity to evaluate faculty at the end of each semester. The College incorporated the results of the student evaluations into the administrative evaluations of the full-time faculty for accredited programs. Because the College does not conduct administrative evaluations of part-time faculty, student evaluations served as the only tool available to the College for use in determining whether to rehire part-time faculty and bring about improvement in their performance.

Administrative and student evaluations for faculty would provide the College with useful management tools needed to help identify those faculty performing at a less-than-expected level and take appropriate action. Also, such evaluations would provide for the College's compliance with the master contract.

RECOMMENDATION

We recommend that the College establish an effective process to ensure the routine evaluation of faculty.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

The College agrees that improvements can be made in faculty evaluation processes. The College recognizes the responsibility of the faculty union to support an improved faculty evaluation process and has made plans to review this issue with the union's leadership.

FINDING

7. Low Enrollment Classes

The College should improve its process for determining whether to hold an academic class with low enrollment.

During the fall semester 1997 through summer semester 2000, the College held 9,718 classes, of which 3,186 (32.8%) had 10 or fewer students.

College policy 6.3.6 states that the College will only offer a course section (class) when a predetermined minimum number of tuition paying students are registered for the class prior to an established cancellation date. The policy also states that students receiving tuition waivers shall not be considered in determining if there is sufficient enrollment to offer a class. The College provides tuition waivers to senior citizens, employees, and employees' spouses and dependents.

Our review of pertinent issues related to low enrollment classes and compliance with policy 6.3.6 disclosed:

a. The College did not establish a predetermined minimum enrollment threshold for tuition paying students.

   Establishing such a threshold would provide the College with a basis for identifying and evaluating those classes with lower enrollment and determining whether to hold the classes. The threshold could be for all classes Collegewide, for classes at a specific campus, or for individual classes, as the College deems appropriate.

   Establishing the minimum enrollment threshold would allow the College to both implement its policy and, more importantly, provide the College with a useful management tool to assist in making the decision on whether to hold a class.

b. The College did not formally review pertinent revenues and expenditures for use in establishing a minimum enrollment threshold of tuition paying students.

   The College informed us that it reviewed cost efficiency each semester by examining low enrollment class patterns and making plans to improve cost efficiency in subsequent semesters whenever the data indicated an opportunity for improvement. We requested documentation for three recent semesters to support that any revenue and expenditure reviews had been done regarding low enrollment classes. However, the College could not provide us with adequate documentation to support that reviews had been done.

Periodic formal reviews of pertinent revenues and expenditures would enable the College to make a more informed decision on whether to hold a class and, therefore, should provide for more efficient use of the College's limited resources.

c. The College did not exclude students receiving tuition waivers from enrollment counts when determining whether to hold low enrollment classes.

Because the College had not established a predetermined minimum enrollment threshold for low enrollment classes, we arbitrarily selected 8 students as a reasonable lower enrollment class size for reviewing the College's compliance with its tuition waiver policy. We reviewed class enrollment data for 428 classes with enrollment of exactly 8 students held during the fall semester 1997 through the summer semester 2000. We determined that 60 (14.0%) of the 428 classes had one or more students who received a tuition waiver and, therefore, did not pay tuition.

The College informed us that it did not exclude tuition waiver students when determining whether to hold a class because it did not want to negatively affect the academic progress of tuition paying students. We question this rationale because it not only precludes the College from complying with established policy, but most likely would result in the inefficient use of the College's limited resources.

We recognize that there may be valid reasons for holding lower enrollment classes, such as the class is needed to meet graduation requirements or is held in a geographical location where high enrollments are unlikely. However, incorporating the issues identified in parts a. through c. of this finding into the College's process for reviewing classes with low enrollment should improve the process and, therefore, improve overall College efficiency.

Recommendation

We recommend that the College improve its process for determining whether to hold an academic class with low enrollment.

Agency Preliminary Response

The College agrees with the recommendation.

Based on the College's open door philosophy and policy of the Board of Trustees, the College does not have districtwide minimum enrollment standards. The Board of Trustees' policy on "Course Section Cancellation Due to Enrollment" states that an enrollment minimum "for a course section" shall be determined. The emphasis in the policy on "a course section" is consistent with the College's practice of making a decision on whether to cancel low enrollment sections on a section-by-section basis as determined by the unique circumstances involved. In making these decisions, both student responsiveness and cost efficiency goals are taken into account. As an open door community college serving a very diverse student body, the majority of whom come from limited-income backgrounds, the College is mindful of the disruptive impact that course cancellation decisions can have on the plans of students involved. As stated in the finding, there may be reasons for choosing to hold low enrollment sections. At the same time, the College does assess cost efficiency each semester by examining low enrollment section patterns, and making plans to improve cost efficiency in subsequent semesters or terms whenever the data indicates such opportunities.

Based on this finding, the College will continue to study ways to best handle the decision on whether to hold or cancel an academic course with low enrollment.

STUDENT SUCCESS IN COMPLETING COURSES AND PROGRAMS

Comment

Audit Objective: To assess the effectiveness of the College's admissions and monitoring practices to help students successfully complete their courses and programs.

Conclusion: The College's admissions and monitoring practices were moderately effective in helping students successfully complete their courses and programs. Our assessment disclosed one material condition. The College should improve its controls for monitoring new students' completion of placement testing and enrollment in developmental courses, when required.

Our assessment also disclosed a reportable condition related to repetitive course enrollments.

FINDING

8. Placement Testing and Developmental Courses

The College should improve its controls for monitoring new students' completion of placement testing and enrollment in developmental courses, when required.

The College requires that all new degree or certificate seeking students, with a few exceptions, complete course placement testing before registering for classes. The College uses the Assessing Students Skills for Entry and Transfer (ASSET) test, which measures students' skills and abilities in reading, writing and mathematics. The College recommends, but does not require, that students who test in the developmental range in reading and writing complete a developmental English course(s) prior to enrolling in a college-level English course. The College requires students who score in the developmental range in mathematics to complete a developmental mathematics course(s) prior to enrolling in a college-level mathematics course. A student may obtain waivers for the required developmental mathematics course(s) by obtaining academic counselor approval via the counselor's signature on the student's registration form. The College's automated student system will not allow students to register for college-level mathematics courses until students have completed the developmental mathematics course(s). However, registration clerks can override this control for those students who obtain the academic counselor approval.

The College also requires that new students meet with an academic counselor prior to registering for classes. Academic counselors review each student's ASSET scores, recommend appropriate course work, and sign the student's registration form. The academic counselor's signature notifies the registration clerk that the student is approved for registration in appropriate classes.

We reviewed the College's compliance with its placement testing and developmental course enrollment requirements and determined:

a. Students frequently did not complete placement testing.

We reviewed the College's student record database for the period fall semester 1997 through summer semester 2000, and determined that 9,026 students had not completed the ASSET test. We then reviewed the academic and registration records for 20 of the 9,026 students to determine if the students should have taken the ASSET test or had proper exemptions. We determined that 14 (70.0%) of the 20 students reviewed should have taken the ASSET test.

We also reviewed the registration forms for the 14 students that should have taken the ASSET test but did not. In 9 instances, the academic counselors had inappropriately approved the registrations of students who had not taken the ASSET test and did not have a proper exemption. In the 5 other instances, the registration clerk had circumvented the established control and allowed the students to register without the academic counselor's approval.

As the table in Finding 9 indicates, there were 246 instances (242 different students) in which students repeated English I or English II four or more times. We analyzed the academic records of these 242 students and noted that 194 (80.2%) of these students had not taken the required ASSET test. If these students had taken the ASSET test prior to registering for classes, their lack of skills and abilities in reading and writing would likely have been identified, thereby indicating a need for a developmental English course.

b. Students scoring in the developmental range in the mathematics component of the ASSET test frequently did not complete the required developmental mathematics course(s).

We reviewed the academic and registration records for 76 students enrolled in 3 introductory college-level mathematics classes during the period fall semester 1997 through summer semester 2000. We determined that 36 (47.4%) of these 76 students had scored in the developmental range on the ASSET test in mathematics, but did not enroll in and complete the required developmental mathematics course(s) prior to enrolling in a college-level mathematics course. Specifically, we determined:

(1) Thirteen (17.1%) of the 76 students had not taken the required developmental mathematics course(s) or received an academic counselor's approval to enroll in the college-level mathematics course. College registration clerks had allowed the 13 students to register for the college-level mathematics courses by inappropriately overriding the control that the College had established in its automated student system to prevent such registrations.

    Six (46.2%) of the 13 students either withdrew from the college-level mathematics course or received a failing grade.

(2) Twenty-three (30.3%) of the 76 students had not taken the required developmental mathematics course(s), but had received a waiver for the developmental course via an academic counselor's approval to enroll in the college-level mathematics course. We attempted to review the academic counselors' rationale for waiving the developmental mathematics course(s). However, the College could not provide us with documentation to support the rationale for any of the 23 waivers. Also, the College had not established guidelines for waiving the required developmental course(s) and documenting the academic counselors' decisions.

    Nine (39.1%) of the 23 students either withdrew from the college-level mathematics course or received a failing grade.

The results of our review indicate a need for the College to significantly improve its controls for monitoring compliance with established placement testing and developmental course requirements. Such compliance should increase the students' chances of academic success.

RECOMMENDATION

We recommend that the College improve its controls for monitoring new students' completion of placement testing and enrollment in developmental courses, when required.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

The College believes that there is an obvious need for guidelines, but that College staff must have some flexibility to address the special needs of individual students. Nevertheless, the College is open to undertaking a study of current processes to determine where tighter controls may be helpful to students. The College informed us that it has appointed a task force to prepare recommendations on placement testing and developmental courses.

FINDING

9. Repetitive Course Enrollments

The College should establish a formal, written policy that addresses repetitive course enrollments and their impact on students' academic progress and the College's efficient use of resources. Also, the College should identify and counsel those students found not to be making satisfactory academic progress when indicated by repetitive course enrollments.

Academic progress is the progression toward completion of course work required for a degree or certificate program. Repetitive enrollments may indicate a lack of academic progress. The College informed us that it did not limit students in the number of times they could repeat courses. As a result, the College did not monitor repetitive enrollments, taking into consideration student dedication, student need, and the total cost of providing the course.

We analyzed the repetitive enrollments of students who were enrolled in classes during fall semester 1997 through summer semester 2000. Our analysis of these students' academic histories disclosed 1,044 instances (representing 835 students) of students enrolled 4 or more times in 1 or more of 139 courses.

The following table shows courses with the most repetitive student enrollments:

Course Description	Number of Students Enrolled 4 or More Times	Range of Times Enrolled
English II	131	4 - 15
English I	115	4 - 9
Introduction to Political Science	46	4 - 6
Elementary Algebra	44	4 - 12
Intermediate Algebra	39	4 - 10
Principles of Accounting I	37	4 - 10
Prealgebra	30	4 - 5
College Algebra	30	4 - 10
Fundamentals of Speech	28	4 - 7
Basic Arithmetic	22	4 - 6
Introductory Psychology	22	4 - 6
Mixed Media Arts	21	4 - 11

Allowing students to repetitively enroll in the same courses without identifying the students and providing them with assistance to satisfactorily complete the applicable course may result in the inefficient use of State, federal, and local tax dollars that account for 81.7% of the cost of a course.

RECOMMENDATIONS

We recommend that the College establish a formal, written policy that addresses repetitive course enrollments and their impact on students' academic progress and the College's efficient use of resources.

We also recommend that the College identify and counsel those students found not to be making satisfactory academic progress when indicated by repetitive course enrollments.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendations.

The College agrees that repetitive enrollment may indicate a lack of academic progress. However, the College believes that this is just one of many reasons for repetitive enrollments. Many of the College's students often "zigzag" toward success. They must deal with many interruptions of their educational journey, including childcare and other family problems, changes in jobs, unemployment, and health problems. One of the characteristics of an open door community college is that students can have more than one chance to succeed and can re-enroll in classes when it becomes necessary for them to withdraw or when they feel ready to try again after a failed attempt. However, in light of this finding, the College will consider changes in its policy on satisfactory academic progress.

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 was generally effective in its efforts to evaluate the quality of its educational programs. However, our assessment disclosed a reportable condition related to evaluation of the quality of educational programs.

FINDING

10. Evaluation of the Quality of Educational Programs

The College should improve its methods for evaluating the quality of its educational programs.

The College's mission is to promote the educational, cultural, and economic development of the community by providing quality education. In fiscal year 1999-2000, the College offered 50 different degree and certificate programs and expended approximately $33.3 million on instruction and instructional support. The College used several methods to evaluate the quality of its educational programs. Our review of these quality assessment methods disclosed:

a. The College did not survey employers of graduates to obtain feedback for evaluating the quality of its programs.

Timely surveys of employers would be a primary source of feedback related to the quality of the College's programs in preparing students for the job market. The College informed us that it did not have sufficient resources to identify and survey applicable employers.

b. The College did not conduct graduate surveys and analyze the results of the surveys in a timely manner.

For example, the College surveyed its 1998 graduates approximately one year after graduation but, as of October 15, 2000, had not compiled and analyzed the results of these surveys. Conducting graduate surveys and analyzing the results on a timely basis would probably increase the number of survey responses and amount of information obtained, thereby providing for a more useful evaluation of the educational programs.

c. The College did not obtain feedback on the quality of its educational programs by surveying students who did not reenroll at the College for reasons other than graduation.

In addition to surveying students who graduated from the College, surveying those students who do not reenroll at the College would provide the College with a broader and, perhaps, more accurate picture of students' perspectives on the quality of the College's educational programs and related services.

The College informed us that it did not survey nongraduates because of difficulties in keeping track of where the students live. However, timely surveying of these individuals should reduce the effect of this condition and provide for a more useful evaluation of the educational programs.

Obtaining and analyzing pertinent information on a timely basis is critical in order to allow the College to thoroughly evaluate the quality of its educational programs and, if appropriate, make needed changes to the programs.

RECOMMENDATION

We recommend that the College improve its methods for evaluating the quality of its educational programs.

AGENCY PRELIMINARY RESPONSE

The College agrees with the recommendation.

The College primarily utilizes an effectiveness program derived from North Central Association of Colleges and Schools accreditation requirements to assess its quality and bring about continuous improvement. This program focuses on the identification and measurement of student learning outcomes and the continuous improvement of college programs, services, and systems based on outcomes measurement data. In addition to the effectiveness program, the College has used surveys and other means of evaluation as needed. For example, the College has surveyed employers of graduates in the past; however, the low survey response rate yielded statistically unreliable results precluding publication.

Nevertheless, the College informed us that its Institutional Research Department has acquired additional staff that have brought graduate surveys up to date through June 2000. In addition, plans are underway to survey non-returning students during the semester following their most recent attendance.

Glossary of Acronyms and Terms

ASSET	Assessing Students Skills for Entry and Transfer.
CADI	campus assistant dean for instruction.
developmental course	A basic course in reading, writing, or mathematics designed to correct a student's academic deficiencies prior to enrollment in college-level courses.
effectively	Having the intended or expected results.
efficiently	Achieving a high level of output or outcomes in relation to the amount of resources applied.
fiscal year equated student	The calculated equivalent of a student having completed one full year (31 semester hours) of credit course work.
material condition	A serious reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the opinion of an interested person concerning the effectiveness and efficiency of the program.
mission	The agency's main purpose or the reason that 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.

reimbursement payment method	A method of providing federal student financial aid program funds to a college, which requires the college to disburse financial aid funds to students prior to requesting funding from the U.S. Department of Education.
reportable condition	A matter coming to the auditor's attention that, in the auditor's 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.
USDOE	U.S. Department of Education.