

PERFORMANCE AUDIT
OF
LANSING COMMUNITY COLLEGE

December 2001

EXECUTIVE DIGEST

LANSING COMMUNITY COLLEGE

INTRODUCTION	This report, issued in December 2001, contains the results of our performance audit* of Lansing Community College.
AUDIT PURPOSE	This performance audit was conducted under the authority of Section 212(2), Act 272, P.A. 2000 (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	<p>Lansing Community College is a public, two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The College district is composed of the region that lies within a 30-mile radius of the City of Lansing and includes the following public school districts: Bath, Dansville, DeWitt, East Lansing, Grand Ledge, Haslett, Holt, Lansing, Leslie, Mason, Okemos, Stockbridge, Waverly, Webberville, and Williamston.</p> <p>The College's vision statement is "Serving the learning needs of a changing community" and its mission* states that the College exists so that all people have educational and enrichment opportunities to improve their quality of life and standard of living.</p> <p>For the fiscal year ended June 30, 2000, the College reported current fund revenues (general, designated,</p>

* See glossary at end of report for definition.

auxiliary activities, and restricted funds) of \$92,555,727; expenditures and transfers of \$91,615,362; and enrollment of 9,365 fiscal year equated students*. As of spring semester 2001, the College employed 211 full-time faculty, 1,020 part-time faculty, and 797 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* related to student registration permits* and the academic standing policy (Findings 1 and 2).

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 faculty credentials and evaluations (Finding 3).

Noteworthy Accomplishments: The College was first accredited in 1964 by the North Central Association of Colleges and Schools' (NCA's) Commission of Institutions of Higher Education and has retained its accreditation without interruption to the present. Also, the College has applied for participation in the NCA's Academic Quality

* See glossary at end of report for definition.

Improvement Project (AQIP), a continuous quality self-improvement process. AQIP participation would tie the College's commitment to continuous quality improvement to its external accreditation process.

The College's methods for evaluating the quality of its education include Program Effectiveness Self Study (PESS), a self-evaluation process designed and implemented by the College. PESS involves surveys of students, former students, faculty, staff, and employers as well as research into student performance and goal achievement. PESS operates on a continuous four-year cycle during which program staff perform the initial surveys and research, prepare a standardized report and action plan, implement the action plan goals, monitor their progress, and submit various reports at specified intervals summarizing their achievements in moving toward their action plan goals. All instructional programs, as well as support services, are included in the process.

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 effective and efficient in its use of resources for educational programs.** However, our assessment disclosed reportable conditions related to repetitive course enrollments and minimum class enrollment (Findings 4 and 5).

Noteworthy Accomplishments: The College implemented a data-driven review system for instructional programs, instructional support services, and College services that resulted in cost savings and process

* See glossary at end of report for definition.

improvements. The process includes a review of a program's cost-benefit analysis, completion rate, average class size for program sections, and program enrollment. The College used this information to identify programs that should undergo a community needs/impact study to determine how the program related to the College's mission and strategic plan. The College's most recent review resulted in several programs requiring the completion of a community needs/impact study.

Audit Objective: To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.

Conclusion: **The College's recent capital outlay request and related five-year comprehensive planning documents were relevant and accurate.**

Audit Objective: To determine whether the College's methods for allocating operating and service costs from the general fund* for various self-liquidating and auxiliary activities and programs are equitable.

Conclusion: **We determined that the College's methods for allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities and programs were not equitable.** Our assessment disclosed a reportable condition related to cost allocations for auxiliary activities (Finding 6).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of Lansing 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

* See glossary at end of report for definition.

and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Lansing Community College are audited annually by a public accounting firm engaged by the College.

Our review and testing of the College's records and procedures were for the period May 1, 1998 through May 31, 2001.

We reviewed the College's admission process and evaluated the methods used by the College for enrolling students in developmental courses* and for monitoring student progress. Also, we assessed the College's efforts to evaluate the quality of its educational programs. In addition, we reviewed the College's processes to determine stakeholder* satisfaction and its methods to periodically assess the job training needs of the community's employers. Further, we assessed the College's efforts to verify faculty credentials and its processes for evaluations of faculty.

We evaluated the effectiveness of the College's efforts to use its educational program resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments and minimum class enrollments. Also, we analyzed the College's use of classrooms and faculty.

We reviewed the College's most recent request for capital outlay funding and related five-year comprehensive planning documents. We also reviewed the College's allocation of operating and service costs paid by the general fund for various auxiliary activities.

* See glossary at end of report for definition.

AGENCY RESPONSES

Our audit report contains 6 findings and 8 corresponding recommendations. The College's preliminary response indicated that it agreed with all 8 recommendations.

December 27, 2001

Mr. Brian C. Jeffries, Chairman
Board of Trustees
and
Ms. Paula D. Cunningham, President
Lansing Community College
Lansing, Michigan

Dear Mr. Jeffries and Ms. Cunningham:

This is our report on the performance audit of Lansing Community College.

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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Description of Agency

Lansing Community College is a public, two-year institution of higher education offering academic, vocational-technical, and continuing education programs. The College was established in 1957 as an added service of the Lansing School District and became a separate institution by vote of the electorate in 1964. The College district is composed of the region that lies within a 30-mile radius of the City of Lansing and includes the following public school districts: Bath, Dansville, DeWitt, East Lansing, Grand Ledge, Haslett, Holt, Lansing, Leslie, Mason, Okemos, Stockbridge, Waverly, Webberville, and Williamston.

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. It is governed by a board of trustees, consisting of seven members elected at-large by the voters of the College district for six-year terms.

The College's vision statement is "Serving the learning needs of a changing community" and its mission states that the College exists so that all people have educational and enrichment opportunities to improve their quality of life and standard of living.

The College receives its financial support from local property taxes assessed against the property in the district, student tuition and fees, appropriations from the State of Michigan, and other miscellaneous revenue. For the fiscal year ended June 30, 2000, the College reported current fund revenues (general, designated, auxiliary activities, and restricted funds) of \$92,555,727; expenditures and transfers of \$91,615,362; and enrollment of 9,365 fiscal year equated students. As of the spring semester 2001, the College employed 211 full-time faculty, 1,020 part-time faculty, and 797 full-time and part-time administrative and support personnel.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Lansing Community College had the following objectives:

1. To assess the effectiveness of the College's admission and monitoring practices to help students successfully complete their classes and programs.
2. To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs.
3. To assess the effectiveness of the College's efforts to use its educational program resources effectively and efficiently.
4. To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.
5. To determine that the College's methods for allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities and programs are equitable.

Audit Scope

Our audit scope was to examine the program and other records of Lansing 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.

The financial statements of Lansing Community College are audited annually by a public accounting firm engaged by the College.

Audit Methodology

Our fieldwork was performed from March to July 2001. Our review and testing of the College's records and procedures were for the period May 1, 1998 through May 31, 2001.

To accomplish our first objective, we reviewed the College's admission process and evaluated methods used by the College for enrolling students in developmental courses and for monitoring student progress. We analyzed the College's academic assessment and placement process by reviewing registration permits given to students enrolled at the College during the period fall semester 1999 through spring semester 2001. Also, we reviewed enrollment trends and the College's efforts regarding students transferring to four-year colleges.

To accomplish our second objective, we assessed the College's efforts to evaluate the quality of its educational programs. We reviewed the College's efforts to obtain results of licensing and certification examinations and its processes to determine stakeholder satisfaction. We also reviewed the methods used by the College to contact four-year colleges and universities to determine if the training provided by the College was adequate and to periodically assess the job training needs of the community's employers. In addition, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs. Further, we assessed the College's efforts to verify faculty credentials and its processes for administrative and student evaluations of faculty.

To accomplish our third objective, we evaluated the effectiveness of the College's efforts to use its educational program resources effectively and efficiently. We extracted student academic record information from the College's database for use in examining repetitive course enrollments and minimum class enrollments. Also, we assessed the College's use of classrooms and faculty.

To accomplish our fourth objective, we reviewed the relevancy and accuracy of the College's most recent request for capital outlay funding and related five-year comprehensive planning documents submitted to the Department of Management and Budget.

To accomplish our fifth objective, we reviewed the College's allocation of operating and service costs paid by the general fund for various self-liquidating and auxiliary activities and programs.

Agency Responses

Our audit report contains 6 findings and 8 corresponding recommendations. The College's preliminary response indicated that it agreed with all 8 recommendations.

The agency preliminary response that 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

STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness of Lansing Community 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 related to student registration permits and the academic standing policy.

FINDING

1. Student Registration Permits

The College should improve its management oversight of the student registration permit process.

The College requires new students to meet minimum skill level requirements in reading, writing, and/or mathematics before they are permitted to enroll in many college-level classes. Students demonstrate that they meet these skill prerequisites by achieving the required scores on placement tests, by successfully passing specific courses at the College, or through other options, such as achieving specific scores on the Scholastic Aptitude Test* (SAT) or American College Test* (ACT) examinations. The College's automated information system, BANNER*, will block a student from enrolling in classes if prerequisites are not met.

However, counselors and other staff, including student staff, may issue registration permits that authorize BANNER to allow students to enroll in college-level classes

* See glossary at end of report for definition.

for which they may not have demonstrated the required skill level or completed the prerequisite class. To help ensure that internal control is maintained over registration permits, College management should provide effective oversight of the issuance process. Effective oversight should include monitoring who issues the permits and the frequency of issuance, providing documentation to support the issuance of a permit, and monitoring the performance of students who received registration permits.

Our review of the registration permit process and related student performance data disclosed:

- a. The College did not monitor who issued registration permits and the number of permits issued.

We determined that 429 (21%) of the College's 2,028 faculty and administrative and support staff, including 6 student staff, had authorization to issue registration permits. During the period from fall semester 1999 through spring semester 2001, 151 staff members issued 11,139 registration permits. We did not identify any student staff who issued registration permits.

- b. The College often could not provide documentation to support why registration permits were granted to students.

During the period from fall semester 1999 through spring semester 2001, we identified 117 students (61 in the first college-level mathematics class and 56 in the first college-level writing class) who had received a registration permit allowing them to enroll for these classes.

The only prerequisites for these first college-level classes are the minimum skill levels in reading, writing, and/or mathematics. Thus, if a student received a registration permit into these classes, that student would have had less than the required skill levels. Usually, these students would have been advised to take developmental classes to raise their skill level prior to enrolling in their first college-level class.

In response to our request, the College was able to document the reason for issuing a registration permit for 26 (22%) of the 117 students.

- c. The College did not monitor the performance of students who received registration permits.

BANNER is capable of producing reports that would list all registration permits granted during a given time period and individual student results. However, these reports are not produced or examined on a regular basis. Also, the reports, when produced, have not included student results information.

We compared the performance of the 117 students in item b. with the performance of students for the same time period who took these first college-level classes after having taken the College's developmental courses.

Of the 61 students who took the first college-level mathematics class with a registration permit, 35 (57%) had a 2.0 grade or higher. In contrast, 390 (67%) of 579 students who took the first college-level mathematics class after having taken developmental mathematics had a 2.0 grade or higher.

Of the 56 students who took the first college-level writing class with a registration permit, 33 (59%) had a 2.0 grade or higher and 9 (16%) withdrew from the class. In contrast, 420 (61%) of 687 students who took the first college-level writing class after having taken developmental writing had a 2.0 grade or higher and 63 (9%) withdrew from the class.

While these comparisons may not be conclusive, it appears that when students receive registration permits that allow them to bypass developmental classes, those students are not as successful in the first college-level classes as students who took the developmental classes.

RECOMMENDATION

We recommend that the College improve its management oversight of the student registration permit process.

AGENCY PRELIMINARY RESPONSE

The College agreed with this recommendation and informed us that the following steps will be taken. The number of people with the ability to issue permits will be reduced by removing employees who have left, employees who do not need this ability, and any student staff who have been inappropriately given this authority. A

system that requires anyone giving a permit to document the reason will be designed. Each semester a report that identifies students who have received permits and the person granting the permit will be run. The instructional leader in each academic division will be charged with follow-up to reduce or eliminate permits that are inappropriate or undocumented. Finally, the progress of students receiving waivers will be monitored to ensure that they are placed in the appropriate courses and making academic progress.

FINDING

2. Academic Standing Policy

The College should fully enforce its published academic standing policy. In addition, the College should track and monitor students who fall below good academic standing.

The College has a published academic standing policy which states that a student must maintain a 2.0 cumulative grade point average (GPA) to remain in good academic standing. If a student's cumulative GPA falls below a 2.0, the student will be placed on warning status, and it is suggested that the student meet with a counselor. If the cumulative GPA continues below a 2.0, the student will be placed on probation status, will be limited to registering for 12 credits, and will be required to meet with a counselor. If the cumulative GPA continues below a 2.0, the student will be placed on academic recess, will not be eligible to register for one semester, and will be required to meet with a counselor upon return.

Our review of the College's academic standing practices and related student performance data disclosed:

- a. The College's academic standing policy is not strictly enforced.

College staff stated that because of counseling department staffing restrictions, the requirement for meeting with a counselor for the probation and recess statuses was not enforced. Instead, for probation, students were limited to enrolling for 12 credits and, for recess, students were limited to enrolling for 8 credits. At no time was a student required to meet with a counselor because of poor academic standing.

As of fall semester 1999, 1,459 (8%) of the College's 17,297 students had cumulative GPA's below 2.0. We tracked the performance of these students through spring semester 2001 and determined that 459 (31%) did not enroll after fall semester 1999 and an additional 527 (36%) were no longer enrolled in spring semester 2001. Of the 473 (32%) students who continued to be enrolled through spring semester 2001, 211 (45%) continuously had cumulative GPA's below 2.0 from fall semester 1999 through spring semester 2001, 35 (7%) had cumulative GPA's that went above 2.0 at some point between fall semester 1999 and spring semester 2001 but had fallen back below 2.0 in spring semester 2001, and 227 (48%) had raised their cumulative GPA up to good academic standing in spring semester 2001.

Of the 211 students with a continuous cumulative GPA below 2.0 between fall semester 1999 and spring semester 2001, 119 (56%) had taken classes for at least three semesters during that time period. However, as of spring semester 2001, none of the 119 students were on academic recess as required. Also, 55 (46%) were enrolled for more than 8 credits.

- b. The College did not contact students who were below good academic standing regarding the availability of counseling or tutoring services, and no monitoring efforts were made to track these students.

Students receive grade notification reports at the end of the semester that includes GPA information; however, the College does not send letters to students below good academic standing to notify them of counseling and tutoring services. Further, although some of these students may be part of specialized populations or projects, such as financial aid, the Student Success Project, and the Advocate Program, that track and monitor students, the College does not generate a report of all students who are below good academic standing. Such a report could be used to identify students who are not receiving counseling through these other special programs or projects.

If the College notified students that optional or required counseling was available, more students may be retained and more students might be successful in achieving their individual goals.

RECOMMENDATIONS

We recommend that the College fully enforce its published academic standing policy.

We also recommend that the College track and monitor students who fall below good academic standing.

AGENCY PRELIMINARY RESPONSE

The College agreed with these recommendations and informed us it has implemented steps to ensure that each semester a list of students who have fallen below a 2.0 GPA is compiled. A letter will be sent to each student. In addition to informing the students of their status, the students will be encouraged to see an advisor or counselor and will be made aware of tutorial services available. Students will be tracked through the progressive stages detailed in the policy. The College will also implement a policy that requires students on probation to see a counselor or advisor before they are permitted to reenroll.

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 faculty credentials and evaluations.

Noteworthy Accomplishments: The College was first accredited in 1964 by the North Central Association of Colleges and Schools' (NCA's) Commission of Institutions of Higher Education and has retained its accreditation without interruption to the present. Also, the College has applied for participation in the NCA's Academic Quality Improvement Project (AQIP), a continuous quality self-improvement process. AQIP participation would tie the College's quality improvement to its external accreditation process.

The College's methods for evaluating the quality of its education include Program Effectiveness Self Study (PESS), a self-evaluation process designed and implemented by the College. PESS involves surveys of students, former students, faculty, staff, and employers as well as research into student performance and goal achievement. PESS operates on a continuous four-year cycle during which program staff perform the initial surveys and research, prepare a standardized report and action plan, implement the action plan goals, monitor their progress, and submit various reports at specified intervals summarizing their achievements in moving toward their action plan goals. All instructional programs, as well as support services, are included in the process.

FINDING

3. Faculty Credentials and Evaluations

The College should ensure that policies and procedures to verify and document that faculty possess required credentials and/or work experience before being hired are followed and that faculty performance is evaluated on a routine basis.

A crucial component of quality education is the quality of the institution's instructors and their performance. The College's Guiding Principles state, "LCC will maintain and support a well-qualified, committed faculty and staff" Indications of a well-qualified staff could be verified credentials and ongoing performance evaluations. NCA's Commission of Institutions of Higher Education, the regional accreditation association for community colleges, colleges, and universities, recognizes the importance of qualified instructors in its accreditation Criterion Two, which states:

The institution has effectively organized the human, financial, and physical resources necessary to accomplish its purposes.

In determining appropriate patterns of evidence for the criterion, the Commission considers evidence such as:

. . .

- e. faculty with educational credentials that testify to appropriate preparation for the courses they teach.

Also, AQIP, a continuous quality self-improvement process, in its Criterion Four, reiterates this point by asking:

1. How do you identify the specific credentials, skills, and values required for faculty, staff, and administrators job

performance? How do your hiring processes make certain people you employ possess these requisite characteristics?

2. . . . How do you detect and contend with gaps between the actual preparation of faculty, staff, and administrators and what you consider necessary?

Our review of faculty credentials and evaluations disclosed:

- a. The College often did not document that faculty possessed required credentials and/or work experience.

The College stated that its policy for verifying and documenting faculty credentials prior to employment is to require a transcript to be provided and to maintain the transcript in that instructor's personnel file. The College also stated that for occupational programs, faculty may be hired on the basis of relevant workplace experience rather than an academic degree. The College does not have these policies formalized in written form.

We randomly selected 12 faculty members, 6 full-time and 6 part-time, who provided course instruction during fall semester 2000. For the full-time members, the College had copies of transcripts on file for all 6. For the part-time members, the College did not have 3 (50%) of the 6 transcripts on file.

Also, 4 of the 6 part-time members taught occupational programs. The College did not have on file documentation that either workplace credentials or transcripts for 2 (50%) of the members had been verified.

- b. The College usually did not ensure that faculty performance was evaluated on a routine basis.

The agreement between the College's Board of Trustees and the Faculty Association provides for regular performance evaluations for faculty every 1 to 3 years, depending on the faculty member's position. However, we found that this process often had not been conducted during the period May 1, 1998 through May 31, 2001.

We randomly selected 10 faculty members who were providing course instruction during fall semester 2000. Although the College stated that classroom visits and teaching/learning discussions had taken place for several of these members, the College could not provide documentation that performance evaluations had been conducted for 9 (90%) of the members during the period May 1, 1998 through May 31, 2001.

If faculty member credentials and/or experience are not verified before hiring, the College may inadvertently hire a member without adequate credentials and/or experience and students may not receive the highest quality of education possible.

Similarly, if a faculty member's performance is not evaluated on a routine basis, the College may not be aware of any performance deficiencies on a timely basis and students may not receive the highest quality of education possible.

RECOMMENDATION

We recommend that the College ensure that policies and procedures to verify and document that faculty possess required credentials and/or work experience before being hired are followed and that faculty performance is evaluated on a routine basis.

AGENCY PRELIMINARY RESPONSE

The College agreed with this recommendation and informed us that, beginning in fall semester 2001, it will require new adjunct faculty to provide transcripts that verify the degree requirements for the teaching position. In occupational programs where a certificate may be the degree requirement, a copy of the certificate will be placed in the employee's file. If a faculty member is hired with relevant work experience rather than an academic degree, the experience will be verified through reference checks. Also, the College's Human Resources Department will notify academic department offices of the adjunct faculty credential requirements. New adjunct faculty paperwork will be monitored by the Human Resources Department to ensure that the required faculty credentials are obtained. Annual internal audits will be performed to verify credentials for new adjunct faculty.

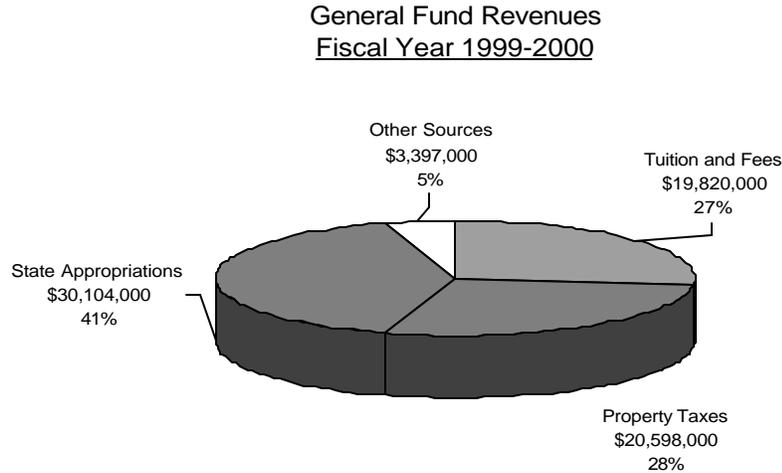
Further, the College stated that it will take steps to ensure that faculty performance is evaluated and documented on a routine basis in the future in accordance with the new faculty master agreement effective August 20, 2001. Beginning in spring semester 2002, the Human Resources Department will conduct random audits of

departments to ensure that faculty evaluation and first-semester visit documentation has been placed in faculty members' personnel folders.

EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

COMMENT

Background: The College receives its general fund revenues for educational programs from three primary sources: local property taxes, State appropriations, and tuition and fees. The following chart shows the amount and percentage of each 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 effective and efficient in its use of resources for educational programs.** However, our assessment disclosed reportable conditions related to repetitive course enrollments and minimum class enrollment.

Noteworthy Accomplishments: The College implemented a data-driven review system for instructional programs, instructional support services, and College services

that resulted in cost savings and process improvements. The process includes a review of a program's cost-benefit analysis, completion rate, average class size for program sections, and program enrollment. The College used this information to identify programs that should undergo a community needs/impact study to determine how the program related to the College's mission and strategic plan. The College's most recent review resulted in several programs requiring the completion of a community needs/impact study.

FINDING

4. 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 monitor repetitive enrollments and identify and counsel those students not making satisfactory academic progress.

Academic progress is the progression toward completion of course work required for a degree or certificate program. 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 spring semester 1998 through spring semester 2001. Our analysis of these students' academic histories disclosed 4,660 instances (representing 3,835 students) of students enrolled in the same course three or more times for 441 different courses.

The following table shows courses with high repetitive student enrollments:

Course Description	Number of Students Enrolled Three or More Times	Range of Times Enrolled
MATH 112 Intermediate Algebra	216	3 - 8
WRIT 121 Composition 1	182	3 - 5
MATH 107 Introductory Algebra	169	3 - 5
PSYC 200 Introduction to Psychology	146	3 - 8
MATH 121 College Algebra 1	103	3 - 8
PFFT 100 Total Fitness A	102	3 - 8
MATH 050 Math Principles/Practices	94	3 - 6
PFAQ 110 Hydro-Fit Exercise 1	87	3 - 18
PFHW 261 Adult Lifestyle Exercise	84	3 - 17

The College also informed us that it does not monitor the academic progress of students with high repetitive enrollment. We identified 1,064 instances where a student repeated a course three or more times and failed that course at least twice. We determined that 492 (46%) of these students had a cumulative GPA below 2.0 at the end of spring semester 2001. Also, our review of the academic records for 8 students who repeated a course three or more times and failed the course at least twice disclosed that 6 of the 8 students were in good academic standing with a cumulative GPA higher than 2.0 at the end of the term in which they failed the course the second time.

Generally, repetitive enrollments indicate a lack of academic progress for all students. Allowing students to repetitively enroll in the same course without monitoring them and providing academic assistance to satisfactorily complete the applicable course may result in the inefficient use of State, federal, and local tax dollars that account for approximately 73% of the College's total revenue.

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 monitor repetitive enrollments and identify and counsel those students not making satisfactory academic progress.

AGENCY PRELIMINARY RESPONSE

The College agreed with these recommendations and informed us that, under the direction of the dean of student and academic support, the College will formulate a policy to address this matter. Any policy should address both identifying students who are not making academic progress and students who are failing and repeating the same course or courses "X" times and requiring academic counseling before permitting those students to reenroll in such courses. Additionally, the policy will consider appropriate repetition of courses for personal interest.

FINDING

5. Minimum Class Enrollment

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

The College has a policy that requires a minimum of 12 regular students to be enrolled for an on-campus class to be held. The policy also requires a minimum of 9 regular students to be enrolled for a class at a learning center to be held. The College informed us that the divisional leaders for instruction, in conjunction with department chairpersons, reviewed enrollment levels prior to the start of classes to determine whether to hold a class even though the class did not meet minimum enrollment requirements.

The College held 10,271 classes during fall semester 1999 through spring semester 2001. Our review of low student class enrollments disclosed:

- a. The College did not document the reason for holding low enrollment classes.

During fall semester 1999 through spring semester 2001, 2,726 (27%) of the College's classes were held with fewer than 12 students. Our review of 14 low enrollment courses disclosed that the College could not document the reason for holding any of the 14 classes. The College informed us that reasons for holding low enrollment classes included, but were not limited to, various conditions such as: it was the only section offered during the term; it was the only section offered during the year; course was needed by students to progress towards degree/certificate; course was requested by the learning center; skills were needed for a production (requirement of program); section

was needed in the evening to accommodate students; section was needed during the day to accommodate students; section was needed so full-time faculty could meet contractual load requirements; and section was related to a pilot program. Documenting the reason and formal approval for holding the low enrollment classes would help ensure that the College's resources are efficiently used.

- b. The College did not exclude nontuition-paying students* and partial tuition-paying students from enrollment counts when determining whether to hold low enrollment classes.

To help ensure the efficient use of resources and enable the College to make informed decisions on whether to hold or cancel classes, the College should consider the financial effects of nontuition-paying and partial tuition-paying students. We selected 20 class sections with the minimum number of 12 students that the College had approved to hold. We determined that the enrollment for 10 (50%) sections was below the minimum when nontuition-paying and partial tuition-paying students were excluded. The adjusted enrollment for these 10 classes ranged from 7 to 11 full tuition-paying students.

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 agreed with this recommendation and informed us that it will develop and implement a system to document the reason for allowing academic classes with enrollments below the minimum established to be held. Additionally, the College will document the formal approval process for low enrollment classes.

The College will develop a program in BANNER so that nontuition-paying and partial tuition-paying students and paying students are differentiated. This information will be used to determine the number of paying students enrolled in the

* See glossary at end of report for definition.

class. Decisions concerning whether a class should proceed as scheduled will be based on the number of paying students enrolled.

CAPITAL OUTLAY REQUESTS AND RELATED FIVE-YEAR COMPREHENSIVE PLANNING DOCUMENTS

COMMENT

Audit Objective: To evaluate the relevancy and accuracy of recent capital outlay requests and related five-year comprehensive planning documents submitted to the Department of Management and Budget.

Conclusion: The College's recent capital outlay request and related five-year comprehensive planning documents were relevant and accurate.

ALLOCATION OF OPERATING AND SERVICE COSTS FROM THE GENERAL FUND

COMMENT

Audit Objective: To determine whether the College's methods for allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities and programs are equitable.

Conclusion: We determined that the College's methods for allocating operating and service costs from the general fund for various self-liquidating and auxiliary activities and programs were not equitable. Our assessment disclosed a reportable condition related to cost allocations for auxiliary activities.

FINDING

6. Cost Allocations for Auxiliary Activities

The College did not allocate all costs related to its parking facility and food operations in the auxiliary activities fund.

The Manual for Uniform Financial Reporting for Michigan Public Community Colleges (MUFR) states that community colleges are to use auxiliary activities funds to account for transactions of revenue-producing, substantially self-supporting activities that deliver a product or perform a service that is by itself noninstructional or nonadministrative in nature. As a general rule, administration costs, maintenance costs, space charges, and other identifiable costs should be directly recorded as a cost of the fund or allocated on a reasonable and justifiable basis. MUFR further states that the allocation is of primary importance and the method, although required to be reasonable, is of secondary importance.

For fiscal years 1998-99 and 1999-2000, the College reported direct expenditures of approximately \$297,000 and \$266,000, respectively, for its parking facility and \$121,000 and \$126,000, respectively, for food operations. However, the College did not identify all direct costs and had not developed a method to allocate campuswide costs to these activities. We noted that the College was not able to directly identify utility costs for its food operations. Also, other campuswide costs, such as janitorial services, public safety, and administration, were not identified and allocated to the parking facility and food operations.

Without an appropriate identification of direct costs and a method to reasonably allocate campuswide costs, the College understates the cost of these activities and overstates general fund expenditures.

RECOMMENDATION

We recommend that the College allocate all costs related to its parking facility and food operations in the auxiliary activities fund.

AGENCY PRELIMINARY RESPONSE

The College agreed with this recommendation and informed us that it will develop an allocation method to appropriately allocate overhead costs, such as utilities, maintenance and custodial services, and administration, to its auxiliary activities funds.

Glossary of Acronyms and Terms

American College Test (ACT)	A standardized, multiple-choice, college admission examination accepted by virtually all colleges and universities in the United States.
AQIP	Academic Quality Improvement Project.
BANNER	The automated information system that contains the student records database.
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; also known as "full-time equated student."
general fund	A fund used to account for transactions related to instructional and academic programs.
GPA	grade point average.
mission	The agency's main purpose or the reason that the agency was established.
MUFR	Manual for Uniform Financial Reporting of Michigan Public Community Colleges.
NCA	North Central Association of Colleges and Schools.

nontuition-paying student	Those individuals enrolled in a course section at Lansing Community College who are attending the course under the employee benefit program and those students who are receiving scholarships offered and funded by the College.
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 the parties responsible for overseeing or initiating corrective action.
PESS	Program Effectiveness Self Study.
registration permit	A waiver that allows a student to register for a class for which he/she does not have a required prerequisite.
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.
Scholastic Aptitude Test (SAT)	A standardized, multiple-choice examination used by most colleges and universities in the United States for admissions and placement decisions.
stakeholder	Internal or external individuals or groups that have a major stake in the institution's success.