

PERFORMANCE AUDIT
OF
HENRY FORD COMMUNITY COLLEGE

November 2004

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Henry Ford Community College

Report Number:
32-170-03

Released:
November 2004

Henry Ford Community College is a public, two-year institution of higher education accredited by the North Central Association of Colleges and Secondary Schools. The College was established in 1938 and currently offers courses at its campus and two other locations in Dearborn. 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, and Sections 380.1601 - 380.1607 of the Michigan Compiled Laws, commonly known as the Michigan School Code.

Audit Objective:

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

Audit Conclusion:

The College's admissions and monitoring practices were somewhat effective in helping students successfully complete their classes and programs.

Reportable Condition:

The College did not monitor students' academic achievement to ensure that all students received academic support services as needed (Finding 1).

Noteworthy Accomplishments:

The College developed Advanced Pathways in Educational Career Excellence, an award-winning program, to enable students to progress from high school to Henry Ford Community College with educational options in engineering, technical, and skilled trades in the energy field. According to the College, since

Advanced Pathways' inception in 2002, more than 1,000 students from more than 20 high schools have participated.

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Audit Objective:

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

Audit Conclusion:

The College's efforts to evaluate the quality of its educational programs were effective. Our report does not include any reportable conditions related to this audit objective.

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Audit Objective:

To assess the effectiveness and efficiency of the College's use of educational program resources.

Audit Conclusion:

The College was generally effective and efficient in its use of educational program resources.

Reportable Condition:

The College generally did not monitor repetitive course enrollments and withdrawals and identify and counsel those students not making satisfactory academic progress. In addition, the College had not developed a formal written policy that addressed repetitive course enrollments and withdrawals and their impact on student academic progress and the College's efficient use of resources. (Finding 2)

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Audit Objective:

To assess the effectiveness of the College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs.

Audit Conclusion:

The College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs were effective. Our report does not include any reportable conditions related to this audit objective.

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Agency Response:

The audit report includes 2 findings and 3 corresponding recommendations. The agency preliminary response indicated that the College partially agrees with one finding and disagrees with the other finding.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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AUDITOR GENERAL

November 5, 2004

Mrs. Mary Lane, Chairperson
Board of Trustees
and
Dr. Andrew A. Mazzara, President
Henry Ford Community College
Dearborn, Michigan

Dear Mrs. Lane and Dr. Mazzara:

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

This report contains our report summary; 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

Henry Ford Community College is a public, two-year institution of higher education accredited by the North Central Association of Colleges and Secondary Schools. The College offers occupational/career programs in addition to continuing education, lifelong learning, traditional college, and university transfer programs. The College was established in 1938 and currently offers courses at its campus and two other locations in Dearborn.

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, and Sections 380.1601 - 380.1607 of the *Michigan Compiled Laws*, commonly known as the Michigan School Code.

The College is part of the Dearborn School District and is governed by a Board of Trustees consisting of seven members elected by the voters of the school district. The College receives its financial support from State of Michigan appropriations, student tuition and fees, local property tax from the Dearborn School District, and various gifts and grants.

For the fiscal year ended June 30, 2003, the College reported revenue (State appropriations, student tuition and fees, local property taxes, federal grants, auxiliary activities, State and local grants, and other sources) of \$73,733,893 and expenses of \$71,795,141. The College reported full-year equated students of 7,300 for fiscal year 2001-02. As of fall semester 2003, the College employed 175 full-time faculty and 566 part-time faculty.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of Henry Ford Community College had the following objectives:

1. To assess the effectiveness* of the College's admissions 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 and efficiency* of the College's use of educational program resources.
4. To assess the effectiveness of the College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs.

Audit Scope

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

A public accounting firm engaged by the College annually audits the financial statements of the College.

Audit Methodology

Our audit procedures, performed from September 2003 through January 2004, included examinations of the College records and procedures primarily for the period October 1, 2001 through September 30, 2003.

* See glossary at end of report for definition.

We conducted a preliminary review of the College's operations to formulate a basis for developing audit objectives and defining the audit scope. Our review included interviewing College personnel, reviewing applicable policies and procedures, analyzing available data and statistics, reviewing reference manuals, and obtaining an understanding of the College's management control* and operational and academic activities.

To assess the effectiveness of the College's admissions and monitoring practices, we evaluated the College's admission and enrollment processes, including the methods used by the College for determining course placement and enrolling students in developmental courses* and general education courses. We extracted and analyzed student academic record information from the College's database and analyzed the academic assessment and placement process. Also, we analyzed the effectiveness of the College's developmental courses by reviewing course enrollment data for students enrolled at the College during the period fall semester 2001 through winter semester 2003. We evaluated the College's methods used for monitoring academic progress* and achievement. We reviewed enrollment trends and the College's efforts to recruit and retain students.

To assess the effectiveness of the College's efforts to evaluate the quality of its educational programs, we reviewed documentation of its assessments. We determined whether the College had established procedures for evaluating and obtaining accreditation of its programs. We evaluated the College's efforts to survey its current students and graduates to determine if the education provided by the College was satisfactory to meet the students' educational and career goals. We examined 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 reviewed the methods used by the College to assess the job training needs of the community's employers.

To assess the effectiveness and efficiency of the College's use of educational program resources, we extracted student academic record information from the College's database for use in examining repetitive course enrollment, minimum class enrollment, and course withdrawals. We analyzed the College's assignment methods for, and use

* See glossary at end of report for definition.

of, its classrooms, laboratories, and faculty, including the assignment of sabbaticals. Also, we evaluated the operations and management practices of the Michigan Technical Education Center and the Center for Lifelong Learning.

To assess the effectiveness of the College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs, we examined the College's allocation of operating and service costs to self-liquidating auxiliary activities and programs. Also, we evaluated the management practices and services of the auxiliary activities and self-liquidating programs as a function within the College's mission*.

Agency Responses

The audit report includes 2 findings and 3 corresponding recommendations. The agency preliminary response indicated that the College partially agrees with one finding and disagrees with the other finding.

The agency preliminary response that follows each recommendation in our report was taken from the College's written comments and oral discussion 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 Department of Labor and Economic Growth, the Auditor General, and the State Budget Director. 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.

* See glossary at end of report for definition.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

STUDENT SUCCESS IN COMPLETING CLASSES AND PROGRAMS

COMMENT

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

Conclusion: The College's admissions and monitoring practices were somewhat effective in helping students successfully complete their classes and programs. Our assessment disclosed a reportable condition* related to student achievement and academic progress (Finding 1).

Noteworthy Accomplishments: The College, along with DTE Energy and the Utility Workers Union of America Local No. 223, received the Michigan Governor's 2003 Excellence in Practice Award for the collaborative program Advanced Pathways in Educational Career Excellence. Advanced Pathways was developed to enable students to progress from high school to Henry Ford Community College with educational options in engineering, technical, and skilled trades in the energy field. According to the College, since Advanced Pathways' inception in 2002, more than 1,000 students from more than 20 high schools have participated.

FINDING

1. Student Achievement and Academic Progress

The College did not monitor students' academic achievement to ensure that all students received academic support services as needed. As a result, the College did not timely identify students whose grade point averages fell below 2.0 and promptly deliver counseling and other support services to help students successfully progress toward and complete coursework required for a degree or certificate program.

The College had developed an academic probation process to monitor student academic achievement. However, the process was not functional from September 2002 through January 2004 because the College's new student information management system was not fully operational.

* See glossary at end of report for definition.

RECOMMENDATION

We recommend that the College monitor students' academic achievement to ensure that all students receive academic support services as needed.

AGENCY PRELIMINARY RESPONSE

The College partially agrees with this finding. The College informed us that it has consistently implemented a probation and dismissal policy up to summer semester 2002. Implementation of the policy was suspended temporarily to install new computer software. The College will reinstate the policy beginning in September 2004. The changeover to the new administrative software required the conversion of over 280,000 student transcripts or 2.5 million student course grades.

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.

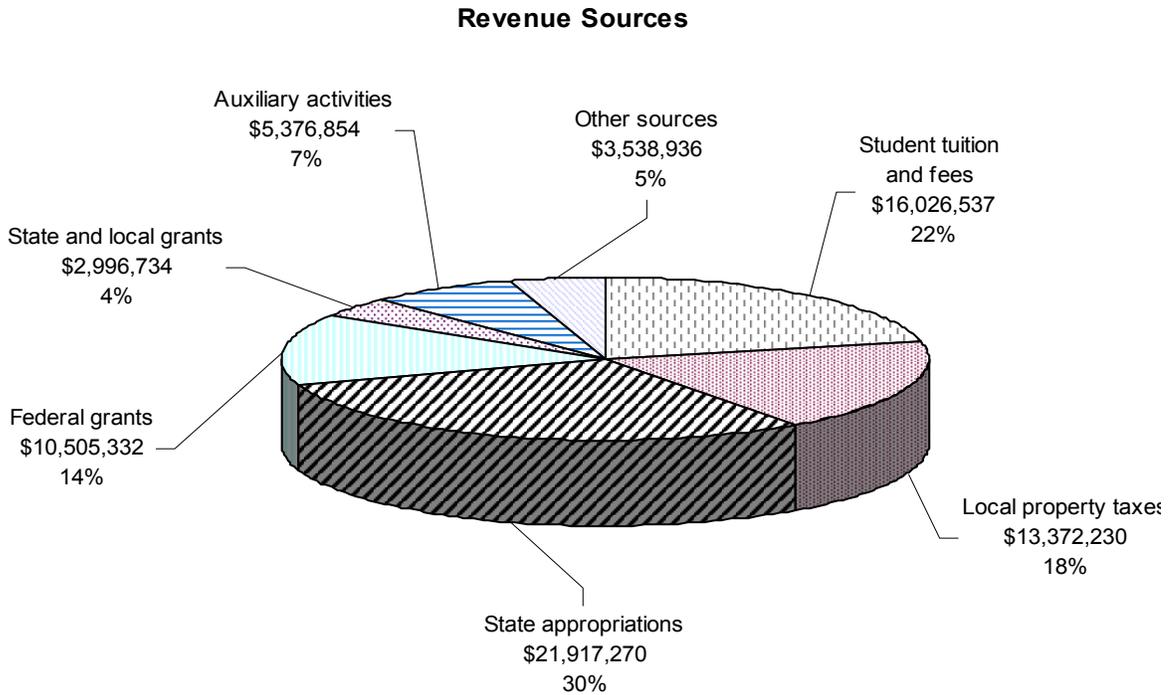
Conclusion: **The College's efforts to evaluate the quality of its educational programs were effective.** Our report does not include any reportable conditions related to this audit objective.

Noteworthy Accomplishment: During our audit period, Recruiting New Teachers, Inc., an affiliate of the Carnegie Foundation of New York, named the College's Pre-Education Program as one of the country's six best community college teacher education programs.

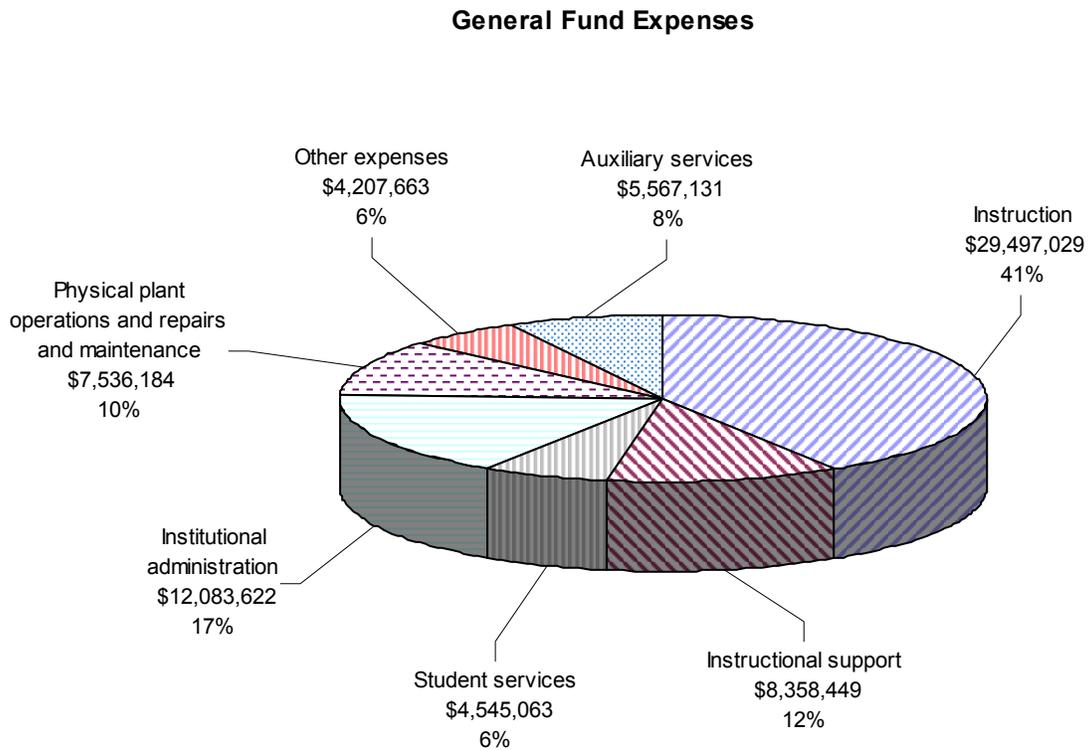
USE OF EDUCATIONAL PROGRAM RESOURCES

COMMENT

Background: The College receives its general fund revenues for educational programs from three primary sources: State appropriations, student tuition and fees, and local property taxes. The following chart shows the amount and percentage of each funding source for the fiscal year ended June 30, 2003:



The College's general fund primarily supports its costs for instruction, institutional administration, instructional support, and student services. The following chart shows the amount and percentage of general fund expenses for the fiscal year ended June 30, 2003:



Audit Objective: To assess the effectiveness and efficiency of the College's use of educational program resources.

Conclusion: The College was generally effective and efficient in its use of educational program resources. However, our assessment disclosed a reportable condition related to repetitive course enrollments and withdrawals (Finding 2).

Noteworthy Accomplishments: The College's Office of Corporate Training received the Michigan Economic Development Corporation's 2001 Award for Innovation and Excellence. The Michigan Economic Development Corporation gives this award to organizations that make outstanding contributions to Michigan's economy. The Office won the award for training over 5,600 workers in 18 companies in one year and securing more than \$3.4 million in State grants.

FINDING

2. Repetitive Course Enrollments and Withdrawals

The College generally did not monitor repetitive course enrollments and withdrawals and identify and counsel those students not making satisfactory academic progress. In addition, the College had not developed a formal written policy that addressed repetitive course enrollments and withdrawals and their impact on student academic progress and the College's efficient use of resources.

Generally, repetitive course enrollments and course withdrawals indicate a lack of student academic progress. Also, allowing students to repetitively enroll in the same course results in the inefficient use of State, federal, and local resources, which account for 66% of the College's total revenue. The tuition paid by students represents only 22% of the total cost for enrolling in a course.

Our analysis of the academic histories of students enrolled from fall semester 2001 through fall semester 2003 disclosed 308 instances (representing 40 students) of students who enrolled in the same course 4 or more times. Two of these students repeated co-operative (co-op) courses 6 and 24 times and never failed the class.

Also, we analyzed the grade distribution for these students. Our analysis disclosed that 18,816 (11%) of the 168,115 grades assigned were withdrawals.

The establishment of reasonable limitations on repetitive enrollments and the number of withdrawals that a student may receive would provide the College with the opportunity to identify and counsel students who are not progressing satisfactorily.

RECOMMENDATIONS

We recommend that the College monitor repetitive course enrollments and withdrawals and identify and counsel those students not making satisfactory academic progress.

We also recommend that the College develop a formal written policy that addresses repetitive course enrollments and withdrawals and their impact on student academic progress and the College's efficient use of resources.

AGENCY PRELIMINARY RESPONSE

The College disagrees with this finding. The College has a longstanding repetitive course policy. The policy is rigorously enforced. Nonetheless, the College will continue to monitor its repetitive course policy and make adjustments when academically appropriate and cost-effective.

ALLOCATION OF OPERATING AND SERVICE COSTS TO SELF-LIQUIDATING AUXILIARY ACTIVITIES AND PROGRAMS

COMMENT

Audit Objective: To assess the effectiveness of the College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs.

Conclusion: **The College's methods for allocating operating and service costs to self-liquidating auxiliary activities and programs were effective.** Our report does not include any reportable conditions related to this audit objective.

GLOSSARY

Glossary of Acronyms and Terms

academic progress	The progression toward completion of coursework required for a degree or certificate program.
at-risk student	A student who meets one or more of the following criteria: <ul style="list-style-type: none">a. Initially placed in one or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.b. Diagnosed as learning disabled.c. Requires English as a second language (ESL) assistance.
developmental courses	Courses designed to prepare at-risk students for successful completion of college level courses.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
management control	The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported; and resources are safeguarded against waste, loss, and misuse.
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.

reportable condition

A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.