



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

“...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

Muskegon Community College

Report Number:
32-290-04

Released:
August 2005

Muskegon Community College is a public, two-year institution of higher education offering academic, vocational-technical, and continuing education courses. 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.

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 generally effective in helping students successfully complete their classes and programs.

Reportable Conditions:

The College did not require new students to attend programs developed to help new students achieve academic success (Finding 1).

The College did not document all waivers of its placement testing requirements (Finding 2).

The College did not timely identify, counsel, and place enrollment restrictions on students who were on academic probation (Finding 3).

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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 generally effective.

Reportable Condition:

The College did not document that all faculty possessed required credentials and did not routinely evaluate faculty performance (Finding 4).

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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's use of educational program resources was generally effective and efficient.

Reportable Conditions:

The College did not have a formal policy addressing minimum class enrollment standards (Finding 5).

The College generally did not monitor repetitive course enrollments and identify and counsel students who were not

making satisfactory academic progress. Also, the College had not developed a formal policy to address repetitive course enrollments and their impact on student academic progress and the College's efficient use of resources. (Finding 6)

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Agency Response:

Our audit report includes 6 findings and 7 corresponding recommendations. The College responded that it agrees with 6 and disagrees with 1 of the recommendations.

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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>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

August 24, 2005

Ms. Ann D. Oakes, Chairperson
Board of Trustees
and
Dr. David L. Rule, President
Muskegon Community College
Muskegon, Michigan

Dear Ms. Oakes and Dr. Rule:

This is our report on the performance audit of Muskegon 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

Muskegon Community College is a public, two-year institution of higher education offering academic, vocational-technical, and continuing education courses. In addition, Ferris State University, Grand Valley State University, and Western Michigan University offer upper-level courses and programs on the College campus. The College district encompasses Muskegon County and includes the following public school districts: Fruitport, Holton, Mona Shores, Montague, Muskegon, Muskegon Heights, North Muskegon, Oakridge, Orchard View, Ravenna, Reeths-Puffer, and Whitehall.

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 for six-year terms of office by the voters of the College district. The College's mission* states that it "is a center for lifelong learning which provides persons the opportunity to attain their educational goals by offering programs that respond to individual, community, and global needs."

The College is supported financially through appropriations from the State of Michigan, local property taxes from Muskegon County, student tuition and fees, federal and State grants, and other miscellaneous income. For the fiscal year ended June 30, 2003, the College reported current fund revenue (general*, auxiliary, and restricted funds) of \$32,152,597; expenses and transfers of \$31,677,460; and enrollment of 3,079 fiscal year equated students*. As of May 31, 2004, the College employed 106 full-time faculty, 150 part-time faculty, and 132 full-time and part-time administrative and other personnel.

* See glossary at end of report for definition.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of Muskegon 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.

Audit Scope

Our audit scope was to examine the program and other records of Muskegon 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 College's financial statements.

Audit Methodology

Our audit procedures were performed from March through June 2004. Our review and tests of College records and procedures were primarily for the period July 1, 2001 through April 30, 2004.

To accomplish our first objective, we reviewed the College's admissions and enrollment processes, including the methods used by the College for determining course placement, enrolling students in developmental courses*, and monitoring students' progress. We extracted and analyzed student academic record information from the College's database and analyzed the College's academic assessment and placement

* See glossary at end of report for definition.

process. Also, we analyzed the effectiveness of the College's developmental courses by reviewing academic records of students enrolled at the College during the period fall semester 2000 through winter semester 2003. We evaluated the College's efforts and methods used for monitoring academic progress* and achievement of students. We reviewed enrollment trends and the College's efforts to recruit and retain students.

To accomplish our second objective, we evaluated the College's efforts and methods used to assess and monitor the quality of its educational programs. We examined the College's efforts to determine if the education and training provided met students' and employers' needs. We examined the College's success in preparing students for licensure/certification requirements. We reviewed the methods used to periodically assess the job training needs of the community's employers. We also reviewed the College's efforts to verify faculty credentials and its processes for administrative and student evaluations of faculty.

To accomplish our third objective, we extracted and examined student academic record information from the College's database to analyze minimum class enrollment, repetitive course enrollment, and course withdrawals. We analyzed the College's methods for determining faculty work load, overload*, and sabbaticals.

Agency Responses

Our audit report includes 6 findings and 7 corresponding recommendations. The College responded that it agrees with 6 and disagrees with 1 of the recommendations.

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'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 Muskegon 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 generally effective in helping students successfully complete their classes and programs.** However, our assessment disclosed reportable conditions* related to orientation programs, placement testing, and academic standing policy (Findings 1 through 3).

FINDING

1. **Orientation Programs**

The College did not require new students to attend programs developed to help new students achieve academic success.

The College developed two orientation programs to introduce new students to the College campus, services, resources, programs, and staff and to provide students with the skills, abilities, and behaviors that promote academic success. The programs are intended to help students successfully complete their academic goals while attending the College.

We reviewed practices of 6 other Michigan community colleges and noted that 3 required attendance in an orientation program, 2 required all first-time students to attend an orientation program, and 1 required all new students to attend a freshman seminar course. Furthermore, the College had examined the impact of its orientation programs and concluded that students who attended orientation programs were more likely to continue their academic pursuits.

Approximately 2,000 first-time students enrolled each year at the College during our audit period. The College offers both a two-hour college orientation program

* See glossary at end of report for definition.

and a two-credit college success course for new students. However, the College did not require attendance in its orientation programs.

RECOMMENDATION

We recommend that the College require new students to attend programs developed to help new students achieve academic success.

AGENCY PRELIMINARY RESPONSE

While the College agrees that it needs to do more in terms of providing a comprehensive freshmen orientation, it disagrees with the specific recommendation of mandatory attendance in light of the nature and mission of community colleges. The College informed us that it has increased the number of freshmen orientation sessions held over the last two years. The College also informed us that, during academic year 2004-05, 10 sessions were held between December and August. The College stated that orientation attendance remains optional; however, much effort is expended (letters and telephone calls) contacting the new students to encourage their attendance. Furthermore, the College stated that new students are strongly encouraged to meet with a counselor on a regular basis.

FINDING

2. Placement Testing

The College did not document all waivers of its placement testing requirements.

Placement testing requirements help identify at-risk students who need to improve their skills for college-level courses. Enforcing testing requirements helps to promote successful academic achievement and reduce instances of course repeats and withdrawals.

To determine the appropriateness of student placements, the College requires most new students to take placement tests in reading, writing, and mathematics. To enroll in college-level courses, the College requires students to pass the related placement tests or to have the requirement waived by completing an appropriate prerequisite. However, the College did not monitor compliance with this requirement.

Our analysis of students who first enrolled in courses during fall semester 2000 through winter semester 2003 identified 7,032 new students. Of these new students, 888 students enrolled in various college-level courses without taking the reading placement test and 187 students enrolled in college-level mathematics courses without taking the mathematics placement test. To assess the appropriateness of these placements, we selected 45 and 10 students, respectively, to determine if the students' academic files documented the rationale for waiving the placement tests. Our analysis disclosed:

- a. The academic files for 30 (67%) of the 45 selected students who enrolled in various college-level courses without taking the required reading placement tests did not contain documentation explaining why the placement tests were waived.
- b. The academic files for 8 (80%) of the 10 selected students who enrolled in college-level mathematics courses without taking the required mathematics placement tests did not contain documentation explaining why the placement tests were waived.

A College study reported that students who did not pass the reading placement test were approximately twice as likely to earn a grade of less than C in college-level courses as compared with students who passed the placement test.

RECOMMENDATION

We recommend that the College document all waivers of its placement testing requirements.

AGENCY PRELIMINARY RESPONSE

The College agrees and informed us that registration clerks will be directed to record the rationale for waiving the placement tests on the student course plan (SCP) message screen of the College's electronic student information system (TIP). The College stated that the effective date will be July 11, 2005.

FINDING

3. Academic Standing Policy

The College did not timely identify, counsel, and place enrollment restrictions on students who were on academic probation.

These practices would help students to successfully complete their academic programs.

The College's academic standing policy states that students will be placed on academic probation when their cumulative grade point average falls below a 2.0 for 12 or more credit hours. Students on academic probation for two consecutive semesters may be dismissed from the College for one semester.

Our review of the College's academic probation practices disclosed:

- a. The College did not identify and inform students of their academic probation status in a timely manner. The College reviewed students' records and informed those students on academic probation on an annual basis. As a result, students were informed only once a year regarding their academic probation status.

Of 4 other Michigan community colleges we reviewed, 2 colleges reviewed academic standing on a semester basis.

- b. The College did not notify 25 (8%) of 313 students placed on academic probation after fall semester 2003. The College could not explain why it did not notify these 25 students.
- c. The College encouraged but did not require students placed on academic probation to meet with a counselor.

Our review of 19 students on academic probation for at least three semesters disclosed that 9 (47%) students did not meet with a counselor during the preceding three years.

Of 4 other Michigan community colleges we reviewed, 3 colleges required students on academic probation to meet with a counselor or advisor.

- d. The College did not limit the number of credits for which students could enroll while on academic probation.

Of 4 other Michigan community colleges we reviewed, 3 colleges restricted the number of credits for which students on academic probation could enroll.

RECOMMENDATION

We recommend that the College timely identify, counsel, and place enrollment restrictions on students who are on academic probation.

AGENCY PRELIMINARY RESPONSE

The College agrees and informed us that, during academic year 2004-05, an academic probation committee of faculty and staff was formed to address this issue. The College also informed us that the committee, with the approval of the President and Cabinet, instituted a new procedure: students will be contacted on a semester basis; they will need to meet with a counselor before registering for their next semester; and they must sign a Course Selection Guide and complete a Probationary Students Things To Do with the assistance of a counselor. The College stated that this new procedure was implemented in May 2005, targeting 333 probationary students. The College also stated that the counselors will help the students determine whether there should be a limit on the number of credits for which they register.

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 generally effective.** However, our assessment disclosed a reportable condition related to faculty credentials and evaluations (Finding 4).

FINDING

4. Faculty Credentials and Evaluations

The College did not document that all faculty possessed required credentials and did not routinely evaluate faculty performance.

Verifying credentials and/or experience before hiring helps the College ensure that faculty possess the required credentials and/or experience. Similarly, if a faculty member's performance is not evaluated on a routine basis, the College may not be aware of performance deficiencies so that they can be corrected in a timely manner.

Our review of the personnel files of 15 full-time and 20 adjunct faculty members who provided course instruction from July 1, 2001 through April 30, 2004 disclosed:

- a. The College did not have transcripts for 1 (7%) of the 15 full-time faculty and for 5 (25%) of the 20 adjunct faculty that we reviewed.

The College stated that it verifies and documents faculty credentials prior to hiring by obtaining valid transcripts and maintaining the transcripts in faculty personnel files. The College also stated that the Human Resources Office periodically checks the personnel files for completeness and requests any missing transcripts.

- b. The College did not have performance evaluations for 8 (53%) of the 15 full-time faculty and for 18 (90%) of the 20 adjunct faculty that we reviewed.

The College requires full-time faculty performance evaluations at least once every three years. The College also requires adjunct faculty performance evaluations following the first semester and annually thereafter.

The College's faculty evaluation process required student opinion surveys during the evaluated semester for full-time teaching faculty. However, the College could not provide documentation that student surveys were conducted for 5 (83%) of 6 faculty.

RECOMMENDATION

We recommend that the College document that all faculty possess required credentials and routinely evaluate faculty performance.

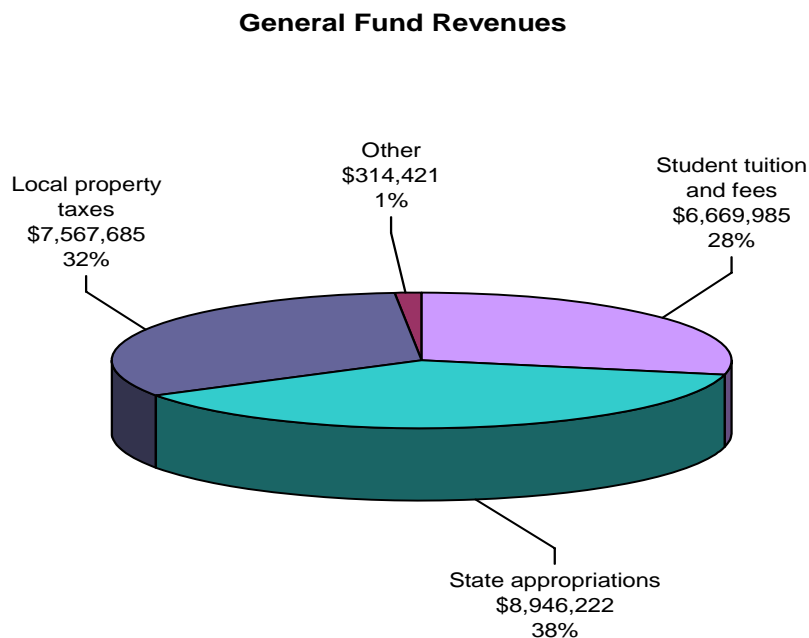
AGENCY PRELIMINARY RESPONSE

The College agrees and informed us that the Office of the Vice President for Academic Affairs will increase its efforts to work with the Human Resources Office, department chairpersons, and the College faculty association to ensure that all faculty credentials are obtained and filed and that timely evaluations of all faculty members are accomplished.

USE OF EDUCATIONAL PROGRAM RESOURCES

COMMENT

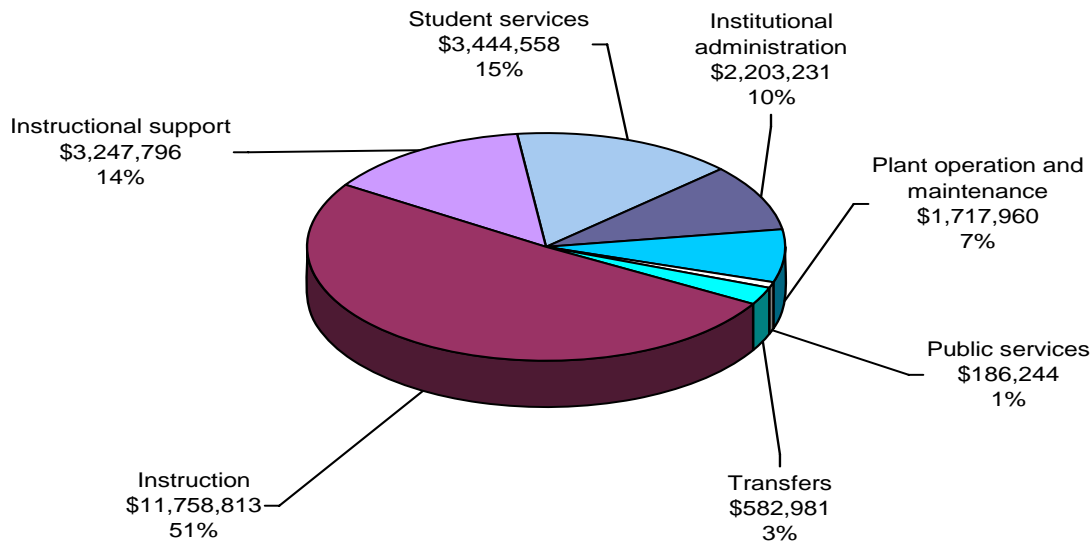
Background: The College receives its general fund revenues for educational programs from three primary sources: State appropriations, local property taxes, and student tuition and fees. The following chart shows the amount and percentage of each funding source for the fiscal year ended June 30, 2003:



Source: Audited financial statements for the fiscal year ended June 30, 2003.

The following chart shows the amount and percentage of general fund expenses and transfers for the fiscal year ended June 30, 2003:

General Fund Expenses and Transfers



Source: Audited financial statements 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's use of educational program resources was generally effective and efficient. However, our assessment disclosed reportable conditions related to minimum class enrollment and repetitive course enrollment (Findings 5 and 6).

FINDING

5. Minimum Class Enrollment

The College did not have a formal policy addressing minimum class enrollment standards.

A formal minimum class enrollment policy would help ensure that the College's resources are used efficiently. Such a policy identifies the minimum student

enrollment for classes based on revenues and expenses associated with varying class size, identifies factors to consider in hold/cancel determinations, identifies who has the authority to approve holding low-enrollment classes, and requires documentation of these conditions and approvals.

The College informed us that it reviewed classes with 10 or fewer students prior to the start of the semester and again a few weeks after the start of the semester to determine whether to hold or cancel a class but did not document such reviews.

We analyzed low-enrollment classes held from fall semester 2000 through winter semester 2003. We excluded all laboratory, internship, and specialized classes. Of the 4,419 classes held during this period, 342 (8%) classes were held with 10 or fewer students.

The College informed us of probable reasons for holding low-enrollment classes, such as the class was needed by students to progress toward a degree or certificate, the class was offered only once during the year, the class was a new pilot offering, the class was part of a program being phased out, or the class was held off campus. However, the College did not document such reasons.

Documenting both the reason and formal approval for holding the low-enrollment classes would help to ensure that the College's resources are efficiently used.

RECOMMENDATION

We recommend that the College develop a formal policy addressing minimum class enrollment standards.

AGENCY PRELIMINARY RESPONSE

The College agrees and informed us that the Academic Affairs Office has developed a policy for addressing this issue. The College stated that it will strive for at least 50% enrollment versus classroom capacity in all classes. The College also stated that, at times, classes will be allowed to run with less than this 50% minimum. The College informed us that it has developed standards that will

document the rationale behind allowing classes to run in this situation. The College stated that factors to be considered will include:

- Whether the class is a "final link" in a degree or certificate program that a majority of the enrolled students require to graduate.
- The number of other sections, if any, of the same class offered in the given semester.
- The anticipated time the class will be offered again in the future.
- The status of the instructor for the class (adjunct or full-time).
- The specialized nature of the class, if applicable.
- Other factors, as appropriate.

The College stated that these factors will be considered (and have been in the past) when the enrollment for a class is less than 50% of total capacity. The College informed us that, if a decision is made to allow the class to run, documentation will be kept in the Academic Affairs Office explaining the rationale for that decision.

FINDING

6. Repetitive Course Enrollment

The College generally did not monitor repetitive course enrollments and identify and counsel students who were not making satisfactory academic progress. Also, the College had not developed a formal policy to address repetitive course enrollments and their impact on student academic progress and the College's efficient use of resources.

Generally, repetitive enrollments indicate a lack of student academic progress and result in an inefficient use of resources. Revenue generated from tuition and fees paid by students represents only 28% of the College's revenue. Allowing students to repetitively enroll in the same course without monitoring them and providing academic assistance to satisfactorily complete the applicable course results in the

inefficient use of State and local resources, which account for approximately 70% of the College's total revenue.

Our analysis of repetitive enrollments for students enrolled from fall semester 2000 through winter semester 2003 disclosed 345 instances (representing 256 students) in which students enrolled in the same course four or more times.

The establishment of reasonable limitations on repetitive enrollments would help the College to identify and counsel students who are not progressing satisfactorily. We reviewed the policies of 4 other Michigan community colleges. Two colleges allowed students to enroll in the same college-level course up to three times. The other 2 colleges required a counselor's permission before repeating a course three or more times.

RECOMMENDATIONS

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

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

AGENCY PRELIMINARY RESPONSE

The College agrees and informed us that the Academic Affairs Office will lead discussions on this topic through the College's Instructional Affairs Council commencing with fall semester 2005. The College stated that representatives of the Council come from all areas of the College and will be an appropriate sounding board to determine what, if any, policy should be implemented.

GLOSSARY

Glossary of Acronyms and Terms

academic progress	The progression toward completion of coursework required for a degree or certificate.
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.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
fiscal year equated student	The calculated equivalent of a student having completed one full year (31 semester hours) of credit course work.
general fund	A fund used to account for transactions related to instructional and academic programs.
mission	The agency's main purpose or the reason that the agency was established.
overload	Additional hours assigned to a faculty member beyond the faculty member's normal work load.
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.

