



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
Selected Community Colleges' Reporting of
Activities Classification Structure Data

Report Number:
 64-500-05

Released:
 July 2005

The activities classification structure (ACS) was developed in response to Section 8, Act 419, P.A. 1978. Also, uniform data reporting requirements were developed for use in making State budget and appropriation decisions. Act 117, P.A. 1984, provided for a funding formula to be used to determine State aid for each community college based on ACS data. The Department of Labor and Economic Growth (DLEG) is responsible for the collection and analysis of certain ACS data.

Audit Objective:

To assess whether colleges reported ACS data to DLEG on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual 2003 for Michigan Community Colleges (ACS Manual), the Manual for Uniform Financial Reporting of Michigan Public Community Colleges (MUFR), and DLEG's annual instructions.

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Audit Conclusion:

We concluded that the selected community colleges generally did not report ACS data to DLEG on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual, MUFR, and DLEG's annual instructions.

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Material Conditions:

Five colleges did not accurately report occupational contact hour data on their ACS 6 forms, including three colleges that reported occupational contact hours that were materially misstated (Finding 1).

Two colleges did not maintain documentation to support the accuracy of course enrollment data reported on their ACS 6 forms in accordance with Act 358, P.A. 2004, and DLEG's annual instructions (Finding 2).

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Reportable Conditions:

Our audit also disclosed reportable conditions related to reporting of data for Internet-based courses, reporting of local financing, activity measures - building footage, activity measures - energy and water costs, expenditure reporting, instructional activity classification, and student course enrollment data (Findings 3 through 9).

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Agency Responses:

Our audit report includes 9 findings and 9 corresponding recommendations. We discussed our audit findings with the management of each community college. The colleges' responses indicated general concurrence with our findings.

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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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July 29, 2005

The Honorable Shirley M. Johnson, Chairperson
Senate Appropriations Committee
Michigan Senate
and
The Honorable Scott Hummel, Chairperson
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan

Mr. David C. Hollister, Director
Department of Labor and Economic Growth
Ottawa Building
Lansing, Michigan
and
Ms. Mary A. Lannoye, State Budget Director
Office of the State Budget
Department of Management and Budget
George W. Romney Building
Lansing, Michigan

Dear Senator Johnson, Representative Hummel, Mr. Hollister, and Ms. Lannoye:

This is our report on the performance audit of Selected Community Colleges' Reporting of Activities Classification Structure Data for the colleges' fiscal year 2003-04 (July 1, 2003 through June 30, 2004). This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was mandated by Act 358, P.A. 2004, the annual appropriations act for community colleges.

This report contains our report summary; description of reported data; audit objective, scope, and methodology and agency responses; comment, findings, and recommendations; a summary of audit findings by college, presented as supplemental information; and a glossary of acronyms and terms.

Annual appropriations acts require that the audited institutions develop formal responses within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us by the community colleges.

AUDITOR GENERAL

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Description of Reported Data

The activities classification structure (ACS) was developed in response to Section 8, Act 419, P.A. 1978 (a section of the fiscal year 1978-79 appropriations act for community colleges). Also, uniform data reporting requirements were developed for use in making State budget and appropriation decisions. Act 117, P.A. 1984, provided for a funding formula* to be used to determine State aid for each community college. The funding formula is based on ACS data, such as full-time equated students, contact hours, expenditures, and other activity measures. Beginning in September 2002, the Department of Labor and Economic Growth (DLEG) convened the ACS Task Force to discuss and suggest changes to ACS reporting. In June 2003, DLEG issued the ACS Manual 2003 for Michigan Community Colleges (ACS Manual) for implementation during the fiscal year ended June 30, 2004. The revised ACS Manual streamlined the instruction reporting, added a new category for technology, incorporated the general and designated funds into the ACS report as an operating fund, and also allowed flexibility by the colleges in reporting and allocating costs on a consistent basis. For fiscal year 2003-04, Act 358, P.A. 2004, continued with the reporting requirements as established in Act 117, P.A. 1984.

The development of ACS has proven beneficial in that ACS:

1. Assists in the collection of uniform and comparable financial data from the 28 State-supported community colleges.
2. Provides an internal management tool to relate information about resources and activities to the achievement of institutional objectives.
3. Interfaces a State reporting structure with accounting practices and organizational structures common to the community college system.
4. Provides a framework for identifying areas of institutional similarities and differences.
5. Provides a logical basis for determining the gross need of individual colleges and of the total system, which then becomes translated into State appropriations.

* See glossary at end of report for definition.

DLEG is responsible for the collection and analysis of certain data submitted by the colleges on the various ACS forms. It is important for comparative analyses that all community colleges report their enrollment and other ACS data in a consistent manner that adheres to the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual, the Manual for Uniform Financial Reporting of Michigan Public Community Colleges (MUFR), and DLEG's annual instructions to provide DLEG, the Legislature, and other users with comparative enrollment and expenditure data.

Audit Objective, Scope, and Methodology and Agency Responses

Audit Objective

The audit objective for our performance audit* of Selected Community Colleges' Reporting of Activities Classification Structure Data was to assess whether colleges reported activities classification structure (ACS) data to the Department of Labor and Economic Growth (DLEG) on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual 2003 for Michigan Community Colleges (ACS Manual), the Manual for Uniform Financial Reporting of Michigan Public Community Colleges (MUFR), and DLEG's annual instructions.

Audit Scope

Our audit scope was to examine selected records supporting the activities classification structure data reported by seven community colleges for their fiscal year ended June 30, 2004. 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.

We randomly selected the following seven colleges to be audited and obtained ACS data for the colleges from DLEG:

- Jackson Community College
- Monroe County Community College
- Muskegon Community College
- Southwestern Michigan College
- Washtenaw Community College
- Wayne County Community College District
- West Shore Community College

Audit Methodology

Our audit fieldwork was performed from February through May 2005. We interviewed staff responsible for preparing and submitting ACS data at each college. We tested the

* See glossary at end of report for definition.

reporting of general fund expenditure data at the activity and sub-activity levels and supporting documentation related to tuition rates and local financing. We also tested the accuracy of reported contact and credit hour and headcount totals; class lists for headcounts, including in-district and out-of-district classifications, and registration documentation; contact and credit hour calculations; and methods for determining legal residency. In addition, we tested supporting documentation for energy usage and costs and the accuracy of reported physical plant area and volume.

Agency Responses

Our audit report includes 9 findings and 9 corresponding recommendations. We discussed our audit findings with the management of each community college. The colleges' responses indicated general concurrence with our findings.

Annual community college appropriations acts require the principal executive officers of the audited institutions to submit written responses 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 responses are due within 60 days after the audit report has been issued and should specify the action taken by the institutions regarding the audit report's recommendations.

COMMENT, FINDINGS, AND RECOMMENDATIONS

ACCURACY OF REPORTED DATA

COMMENT

Audit Objective: To assess whether colleges reported activities classification structure (ACS) data to the Department of Labor and Economic Growth (DLEG) on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual 2003 for Michigan Community Colleges (ACS Manual), the Manual for Uniform Financial Reporting of Michigan Public Community Colleges (MUFRR), and DLEG's annual instructions.

Conclusion: We concluded that the selected community colleges generally did not report ACS data to DLEG on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 358, P.A. 2004), the ACS Manual, MUFRR, and DLEG's annual instructions. Our audit disclosed two material conditions*. Five colleges did not accurately report occupational contact hour* data on their ACS 6 forms* (course enrollment data by instructional sub-activity - operating fund forms), including three colleges that reported occupational contact hours that were materially misstated (Finding 1). Also, two colleges did not maintain documentation to support the accuracy of course enrollment data reported on their ACS 6 forms in accordance with Act 358, P.A. 2004, and DLEG's annual instructions (Finding 2). Our audit also disclosed reportable conditions* related to reporting of data for Internet-based courses, reporting of local financing, activity measures - building footage, activity measures - energy and water costs, expenditure reporting, instructional activity classification, and student course enrollment data (Findings 3 through 9).

Several of our audit findings pertain to more than one college; therefore, we have included a summary of audit findings by college, presented as supplemental information, to identify the specific colleges involved.

FINDING

1. Reporting of Occupational Contact Hours

Five colleges did not accurately report occupational contact hour data on their ACS 6 forms (course enrollment data by instructional sub-activity - operating fund forms), including three colleges that reported occupational contact hours that were materially misstated.

* See glossary at end of report for definition.

Accurate reporting of course enrollment data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. Also, DLEG uses the ACS 6 contact hour and occupational contact hour data to distribute Carl D. Perkins federal grant* funds and the Community College At-Risk Student Success Program federal grant funds to colleges.

The ACS Manual defines courses eligible for occupational contact hours as occupational specialty courses, supportive courses specifically designed for an occupational program, general occupational courses, and apprenticeship instruction only. The ACS Manual also states that the majority of occupational contact courses are in ACS codes 1.2, 1.3, and 1.4.

Our review of ACS 6 supporting documentation disclosed:

- a. Southwestern Michigan College overstated its occupational contact hours by 279,858 (43.27%). These hours related to general education courses (ACS code 1.1) that were not occupational in nature.
- b. Monroe County Community College overstated occupational contact hours by 169,969 (22.05%). These hours related to a data entry error on the ACS 6 form (3,000 hours), the inclusion of developmental education courses (ACS code 1.5), and the inclusion of general education courses (ACS code 1.1).
- c. West Shore Community College overstated its occupational contact hours by 17,520 (8.67%). These hours related to three general education courses (ACS code 1.1) that were not occupational in nature.
- d. Washtenaw Community College overstated its occupational contact hours by 35,881 (1.87%). These hours related to two general education courses (ACS code 1.1) that were not occupational in nature.
- e. Muskegon Community College understated occupational contact hours by 217 (.03%). These hours related to one course that the College excluded from its calculation in error.

* See glossary at end of report for definition.

RECOMMENDATION

We recommend that the colleges accurately report occupational contact hour data on their ACS 6 forms.

FINDING

2. Supporting Documentation

Two colleges did not maintain documentation to support the accuracy of course enrollment data reported on their ACS 6 forms in accordance with Act 358, P.A. 2004, and DLEG's annual instructions. As a result, we could not audit the submitted ACS data.

Accurate reporting of course enrollment data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 6 data is a key component of the funding formula used in the community college appropriation process. Also, DLEG uses the ACS 6 contact hour and occupational contact hour data to distribute Carl D. Perkins and the Community College At-Risk Student Success Program federal grant funds to colleges.

The annual appropriations act for community colleges (Act 358, P.A. 2004) requires that community colleges maintain all records necessary for auditors to determine the accuracy of reported ACS data. The Act also specifies that colleges' class summaries and class lists identify the number of in-district and out-of-district student credit and contact hours. These two colleges were in material noncompliance with Act 358, P.A. 2004, and DLEG's annual instructions.

Our review of ACS 6 supporting documentation disclosed:

- a. Wayne County Community College District did not maintain the documentation necessary to determine the accuracy of any data reported on the ACS 6 form. The Legislature, through Act 358, P.A. 2004, appropriated \$15,004,200 to the College for fiscal year 2004-05.

WE NOTED THIS SAME EXCEPTION IN OUR PRIOR AUDIT OF THE COLLEGE FOR FISCAL YEAR 1997-98.

- b. Jackson Community College did not include the number of in-district and out-of-district student credit hours and contact hours on its class summaries and class lists. We could not audit the in-district or out-of-district headcount, contact hour, or credit hour reporting on the ACS 6 form. The Legislature, through Act 358, P.A. 2004, appropriated \$11,254,900 to the College for fiscal year 2004-05.

WE NOTED THIS SAME EXCEPTION IN OUR PRIOR TWO AUDITS OF THE COLLEGE FOR FISCAL YEARS 1999-2000 AND 1997-98.

RECOMMENDATION

We recommend that the colleges maintain documentation to support the accuracy of course enrollment data reported on their ACS 6 forms in accordance with Act 358, P.A. 2004, and DLEG's annual instructions.

FINDING

3. Reporting of Data for Internet-Based Courses

Five colleges reported ineligible data for Internet-based courses on their ACS 6 forms. Internet-based courses, which do not require colleges to provide instructional activities, do not meet the reporting criteria established by the ACS Manual.

ACS 6 data is a key component of the funding formula used in the community college appropriation process. Reporting ineligible courses inappropriately inflates the enrollment data reported by the colleges. Also, DLEG uses the ACS 6 contact hour and occupational contact hour data to distribute Carl D. Perkins and the Community College At-Risk Student Success Program federal grant funds to colleges.

Five of the seven selected colleges used a Web-based company that creates, staffs, and maintains a standardized line of Web-based courses for more than 1,200 colleges, universities, and other accredited institutions of higher education. The colleges facilitated student registration and updated student transcripts for these courses. However, the colleges did not provide any instructional activity related to these courses. Because the five colleges provide no instructional

activities related to these courses, they do not meet the reporting criteria established by the ACS Manual.

Our review of ACS 6 supporting documentation disclosed that five colleges reported ineligible course data, including the number of courses and sections, student headcount, and contact hours and occupational contact hours relating to courses for which the colleges perform no instructional activities. As a result:

- a. Washtenaw Community College overstated contact hours by 21,975 (.47%) and occupational contact hours by 13,853 (.72%).
- b. Monroe County Community College overstated contact hours by 4,290 (.31%) and occupational contact hours by 3,340 (.43%).
- c. Southwestern Michigan College overstated contact hours by 4,141 (.40%) and occupational contact hours by 826 (.13%).
- d. Muskegon Community College overstated contact hours by 2,890 (.15%) and occupational contact hours by 1,504 (.23%).
- e. Jackson Community College overstated its course, section, and headcount reporting.

RECOMMENDATION

We recommend that the colleges report only eligible course data on their ACS 6 forms.

FINDING

4. Reporting of Local Financing

Two colleges did not accurately report their voted operating millage rates on their ACS 5 forms* (tuition, taxable value, and millage data forms) in accordance with the ACS Manual and DLEG's annual instructions.

* See glossary at end of report for definition.

Accurate reporting of tuition, taxable value, and millage data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 5 data is a key component of the funding formula used in the community college appropriation process.

Our review of ACS 5 supporting documentation disclosed:

- a. Southwestern Michigan College understated its voted operating millage by 12.59%. The College reported a voted operating millage of 2.6222 while college records support a rate of 3.00.
- b. West Shore Community College overstated its voted operating millage by .89%. The College reported a voted operating millage of 2.25 while college records support a rate of 2.23.

RECOMMENDATION

We recommend that the colleges accurately report their voted operating millage rates on their ACS 5 forms in accordance with the ACS Manual and DLEG's annual instructions.

FINDING

5. Activity Measures - Building Footage

Three colleges did not accurately report square and cubic footage data on their ACS 7 forms* (expenditures and activity measures - physical plant and energy forms) in accordance with DLEG's annual instructions.

Accurate reporting of square and cubic footage data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 7 data is a key component of the funding formula used in the community college appropriation process.

* See glossary at end of report for definition.

Our review of ACS 7 supporting documentation disclosed:

- a. Washtenaw Community College understated its building square footage by 19,644 (2.32%) square feet. The College also understated cubic footage by 500,100 (3.96%) cubic feet.
- b. Muskegon Community College understated its building square footage by 3,263 (.76%) square feet.
- c. Southwestern Michigan College overstated its building square footage by 3,089 (.84%) square feet.

RECOMMENDATION

We recommend that the colleges accurately report square and cubic footage data on their ACS 7 forms in accordance with DLEG's annual instructions.

FINDING

6. Activity Measures - Energy and Water Costs

Four colleges did not accurately report energy and water expenditures on their ACS 7 forms in accordance with DLEG's annual instructions.

Accurate reporting of energy and water expenditure data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 7 data is a key component of the funding formula used in the community college appropriation process.

Our review of ACS 7 supporting documentation disclosed:

- a. Washtenaw Community College understated gas expenditures by \$19,552 (5.11%) and overstated electricity expenditures by \$37,683 (.24%).
- b. West Shore Community College overstated gas expenditures by \$3,275 (2.33%). The College included ineligible gas expenditures for an ice arena that the College does not own.

- c. Southwestern Michigan College reported energy expenditures that exceeded actual expenditures by \$9,035 (1.60%). The College overstated electricity expenditures by \$8,935 (2.69%) and gas expenditures by \$100 (.04%). The College further overstated energy costs by including energy expenditures for two auxiliary activities on its ACS 7. The ACS Manual excludes auxiliary activities from ACS reporting.
- d. Monroe County Community College understated its energy and water expenditures by \$1,310 (.22%).

RECOMMENDATION

We recommend that the colleges accurately report energy and water expenditures on their ACS 7 forms in accordance with DLEG's annual instructions.

FINDING

7. Expenditure Reporting

Seven colleges did not accurately report expenditures on their ACS 3 forms* (operating fund expenditures form) in accordance with the ACS Manual and DLEG's annual instructions.

Accurate reporting of expenditure data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 3 activity and sub-activity expenditures are a key component of the funding formula used in the community college appropriation process.

The colleges made four general types of expenditure reporting errors: misclassification errors, inclusion or exclusion errors, ACS code allocation errors, and improper ACS coding errors.

Our review disclosed:

- a. Wayne County Community College District improperly reported expenditures related to 12 activities. Expenditures for these activities were approximately

* See glossary at end of report for definition.

\$14.9 million. These reporting errors misstated ACS activity expenditures by a range of \$70,386 to \$3.2 million.

- b. Southwestern Michigan College improperly reported expenditures related to 8 activities. Expenditures for these activities were approximately \$2.1 million. These reporting errors misstated ACS activity expenditures by a range of \$21,762 to \$579,714.
- c. Muskegon Community College improperly reported expenditures related to 9 activities. Expenditures for these activities were approximately \$504,265. These reporting errors misstated ACS activity expenditures by a range of \$4,622 to \$166,466.
- d. West Shore Community College improperly reported expenditures related to 6 activities. Expenditures for these activities were approximately \$136,330. These reporting errors misstated ACS activity expenditures by a range of \$9,324 to \$36,163.
- e. Jackson Community College improperly reported expenditures related to 2 activities. Expenditures for these activities were approximately \$442,917. These reporting errors misstated ACS activity expenditures by \$202,278 and \$240,639.
- f. Washtenaw Community College improperly reported expenditures related to 2 activities. Expenditures for these activities were approximately \$881,083. These reporting errors misstated ACS activity expenditures by \$355,794 and \$525,289.
- g. Monroe County Community College improperly reported expenditures related to 4 activities. These reporting errors resulted in the misstatement of 19 ACS codes; however, because of a lack of supporting documentation, we could not determine the amount of these misstatements.

RECOMMENDATION

We recommend that colleges accurately report expenditures on their ACS 3 form in accordance with the ACS Manual and DLEG's annual instructions.

FINDING

8. Instructional Activity Classification

Three colleges did not accurately classify courses reported on their ACS 6 forms in accordance with the ACS Manual.

Accurate reporting of course enrollment data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. Both the community college appropriation process and the Community College At-Risk Student Success Program grant distribution process utilize ACS instructional sub-activity data in their funding formulas.

The ACS Manual requires that colleges classify and report course enrollment data into seven instructional sub-activities based on subject matter and content and adds further guidance with extensive listings of course subject matter by instructional activity classification. Sub-activities include general education, business and human services, technical and industrial occupations, health occupations, developmental education and basic skills, human development, and personal interest (ACS codes 1.1 through 1.7). Proper ACS code classification assists colleges in determining whether the contact hours for a course are occupational (see Finding 1).

Our review of ACS 6 supporting documentation disclosed:

- a. Southwestern Michigan College reported enrollment data for 7 courses in incorrect ACS codes. The College understated ACS code 1.1 by 59,394 contact hours and overstated ACS codes 1.2 and 1.4 by 8,974 and 50,420 contact hours, respectively.
- b. Monroe County Community College reported enrollment data for 7 courses in incorrect ACS codes. The College overstated ACS code 1.4 by 47,588 contact hours and understated ACS codes 1.1 and 1.2 by 46,530 and 1,058 contact hours, respectively.
- c. Muskegon Community College reported enrollment data for 1 course in an incorrect ACS code. The College overstated ACS code 1.4 and understated ACS code 1.1 by 9,356 contact hours.

RECOMMENDATION

We recommend that the colleges accurately classify courses reported on their ACS 6 forms in accordance with the ACS Manual.

FINDING

9. Student Course Enrollment Data

Three colleges did not report data on their ACS 6 forms in accordance with the ACS Manual and DLEG's annual instructions.

Accurate reporting of course enrollment data is necessary to allow users to make fiscal decisions and comparisons based on meaningful, uniform information from all 28 community colleges. ACS 6 data is a key component of the funding formula used in the community college appropriation process.

Our review of ACS 6 supporting documentation disclosed:

- a. West Shore Community College reported student credit hours for students who audited courses. The ACS Manual requires that auditing students be included in headcount and contact hour reporting, but not credit hour reporting. The College overstated credit hours by 216 hours.

WE NOTED THIS SAME EXCEPTION IN OUR PRIOR AUDIT OF THE COLLEGE FOR FISCAL YEAR 1998-99.

- b. West Shore Community College overstated the number of courses. The College reported all customized training* as unique courses; however, the College provided three of the courses seven times. As a result, the College overstated the number of courses delivered.
- c. West Shore Community College reported all customized training student contact hour and headcount data as in-district. The ACS Manual requires that colleges determine and report the residency of each student. The College provided 2,300 contact hours of customized training for 304 students. Because the College did not obtain residency information for customized

* See glossary at end of report for definition.

training students, we could not quantify in-district overstatements or out-of-district understatements of student contact hour and headcount reporting.

- d. Jackson Community College overstated the number of sections delivered. The College did not remove canceled course sections from its ACS 6 reporting. The College overstated the number of sections delivered by 32.
- e. Monroe County Community College calculated and reported ACS 6 in-district and out-of-district data using residency information from a single date and applying it to all courses taken by the student during the reporting period. Total student headcount, contact hours, and student credit hour data is correct; however, in-district and out-of-district data for students who changed addresses during the reporting period may not be accurate. Sixty-two students changed addresses during the reporting period.

RECOMMENDATION

We recommend that the colleges report data on their ACS 6 forms in accordance with the ACS Manual and DLEG's annual instructions.

SUPPLEMENTAL INFORMATION

SELECTED COMMUNITY COLLEGES' REPORTING OF
ACTIVITIES CLASSIFICATION STRUCTURE DATA
 Summary of Audit Findings by College
July 1, 2003 through June 20, 2004

<u>Audit Finding</u>	<u>Jackson Community College</u>	<u>Monroe County Community College</u>	<u>Muskegon Community College</u>	<u>Southwestern Michigan College</u>	<u>Washtenaw Community College</u>	<u>Wayne County Community College District</u>	<u>West Shore Community College</u>
1		X	X	X	X		X
2	X					X	
3	X	X	X	X	X		
4				X			X
5			X	X	X		
6		X		X	X		X
7	X	X	X	X	X	X	X
8		X	X	X			
9	X	X					X

GLOSSARY

Glossary of Acronyms and Terms

ACS	activities classification structure.
ACS Manual	Activities Classification Structure Manual 2003 for Michigan Community Colleges.
ACS 3 form	The operating fund expenditures form, which the colleges use to report operating fund expenditures at the activity and sub-activity levels, ACS codes 1.1 through 7.3. This information is a key component in the funding formula used in the appropriation process. Expenditures must be consistent with the audited financial statements for the college. Activity and sub-activity reporting must correspond with enrollment information reported on the ACS 6 form.
ACS 5 form	The tuition, taxable value, and millage data form, which the colleges use to report information on tuition rates, taxable value, and local financing. This information is a key component in the funding formula used in the appropriation process.
ACS 6 form	The course enrollment data by instructional sub-activity - operating fund form, which the colleges use to report enrollment data, such as unduplicated student headcount by in-district and out-of-district classifications, number of courses and sections delivered, duplicated student headcount, student contact hours, occupational education student contact hours, semester student credit hours, fiscal year equated students, and contact hour equated students by ACS activity and sub-activity levels, ACS codes 1.0 through 1.7. This information is a key component in the funding formula used in the appropriation process. Contact hour and occupational contact hour information is the basis for the distribution of Carl D. Perkins federal grant funds. Enrollment

data reported on this form must correspond with expenditure data reported on the ACS 3 form.

ACS 7 form	The expenditures and activity measures - physical plant and energy form, which the colleges use to report information on utility services and physical plant square and cubic footage. This information is a key component in the funding formula used in the appropriation process.
Carl D. Perkins federal grant	Grant awarded under the Carl D. Perkins Vocational and Technical Education Act. The Act was originally authorized in 1984 and most recently reauthorized in October 1998. The purpose of the Act is to provide individuals with the academic and technical skills needed to succeed in a knowledge- and skills-based economy. The Act supports career and technical education that prepares students for both postsecondary education and the careers of their choice.
customized training	Contracted training provided by the college that is specifically designed for the employees of a company or firm.
DLEG	Department of Labor and Economic Growth.
funding formula	The Gast-Mathieu Fairness in Funding Formula for community colleges first presented in the 1984 appropriations act for community colleges. The funding formula calculates a dollar amount of need for each college based on instructional and noninstructional costs, tax equalized grants, local and student funding responsibility, and other sources of revenue available to each college. The funding formula applies Statewide average cost factors to activity measures specific to each college, thereby estimating the total expenditures each college should ideally expect to incur.

material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MUFR	Manual for Uniform Financial Reporting of Michigan Public Community Colleges.
occupational contact hour	Fifty minutes during which a student is scheduled to come into contact with an instructor or with tutorial or laboratory equipment for instruction with a direct career relationship designed to impart work-related knowledge.
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.

