

PERFORMANCE AUDIT
OF
MID MICHIGAN COMMUNITY COLLEGE

December 1998

EXECUTIVE DIGEST

MID MICHIGAN COMMUNITY COLLEGE

INTRODUCTION

This report, issued in December 1998, contains the results of our performance audit* of Mid Michigan Community College.

AUDIT PURPOSE

This performance audit was conducted under the authority of Section 203(2), Act 85, P.A. 1997 (a section of the community colleges' appropriations act), which mandates that the Auditor General conduct not less than three performance audits of community colleges each year.

BACKGROUND

Mid Michigan Community College is a public two-year institution of higher education. The College district includes the public school districts of Beaverton, Clare, Farwell, Gladwin, and Harrison.

The College, established in 1965, 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 to serve six-year terms.

The College's mission* is to provide educational and community leadership for the development of human

* See glossary on page 25 for definition.

ability by providing post-secondary education and services to enable students and the community to achieve success in a global society. To achieve its mission, the College offers academic, vocational-technical, and community education programs.

For the fiscal year ended June 30, 1997, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$11,218,763, expenditures and transfers of \$10,826,935, and enrollment of 1,282 fiscal year equated students. As of July 1998, the College employed 31 full-time faculty, 100 part-time faculty, and 65 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 a reportable condition* relating to student academic placement (Finding 1).

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.

* See glossary on page 25 for definition.

Noteworthy Accomplishments: The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1974 and has retained its accreditation without interruption to the present. The College's methods for evaluating the quality of education included developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through surveys of employers and graduates. The College had also made significant progress toward the development and implementation of a strategic plan. Implementation of specific goals and objectives, resulting from this plan, was scheduled to begin during fall semester 1998.

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 education programs. However, our assessment disclosed reportable conditions relating to repetitive course enrollments and minimum class enrollments (Findings 2 and 3).

Noteworthy Accomplishments: The College had developed goals and objectives directly related to the effective and efficient use of educational resources as part of its recently completed strategic plan. Implementation of the plan was expected to occur during fall semester 1998.

* See glossary on page 25 for definition.

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for education programs.

Conclusion: The College complied with the Legislature's reporting requirements for education programs.

Audit Objective: To evaluate the relevancy and accuracy of recent capital outlay program statements submitted to the Department of Management and Budget (DMB).

Conclusion: Our evaluation disclosed that the College's program statements were relevant but generally not accurate. Our evaluation disclosed one material condition*:

- The College did not accurately determine and report all student enrollment and facility utilization information in capital outlay planning documents submitted to DMB (Finding 4).

The College agreed with the corresponding recommendation.

**AUDIT SCOPE AND
METHODOLOGY**

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

* See glossary on page 25 for definition.

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

Our review and testing of College records and procedures was primarily limited to the period August 1, 1995 through July 31, 1998.

We reviewed the College's admission process, evaluated the methods used for enrolling students and monitoring student progress, and analyzed the academic assessment and placement process. We evaluated the College's efforts to assess the quality of its educational programs. In addition, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs and reviewed the methods used to periodically assess the job training needs of the community's employers.

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 data base for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments. We reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements. We also reviewed College planning documents, student enrollments, facility utilization information, and project records related to the College's recent capital outlay projects.

AGENCY RESPONSES

Our audit report contains 4 findings and 5 corresponding recommendations. The College's preliminary response indicated that it agreed with all 5 recommendations. The College will initiate corrective action when appropriate.

Ms. Betty M. Mussell, Chairperson
Board of Trustees
and
Mr. Ronald Verch, President
Mid Michigan Community College
Harrison, Michigan

Dear Ms. Mussell and Mr. Verch:

This is our report on the performance audit of Mid Michigan 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

Mid Michigan Community College is a public two-year institution of higher education. The College district includes the public school districts of Beaverton, Clare, Farwell, Gladwin, and Harrison.

The College, established in 1965, 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 to serve six-year terms.

The College's mission is to provide educational and community leadership for the development of human ability by providing post-secondary education and services to enable students and the community to achieve success in a global society. To achieve its mission, the College offers academic, vocational-technical, and community education programs.

The College receives its financial support primarily from appropriations from the State of Michigan, student tuition and fees, local property tax assessments, federal grants and contracts, and other miscellaneous income. For the fiscal year ended June 30, 1997, the College reported current fund revenue (general, designated, auxiliary activities, and restricted funds) of \$11,218,763, expenditures and transfers of \$10,826,935, and enrollment of 1,282 fiscal year equated students. As of July 1998, the College employed 31 full-time faculty, 100 part-time faculty, and 65 full-time and part-time administrative and support personnel.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Mid Michigan 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 determine whether the College complied with the Legislature's reporting requirements for education programs.
5. To evaluate the relevancy and accuracy of recent capital outlay program statements submitted to the Department of Management and Budget.

Audit Scope

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

Audit Methodology

Our fieldwork was performed during June through August 1998. Our review and testing of College records and procedures was primarily limited to the period August 1, 1995 through July 31, 1998.

We reviewed the College's admission process and evaluated the methods used by the College for enrolling students in developmental courses and monitoring student progress. We analyzed the College's academic assessment and placement process by reviewing a sample of students enrolled at the College during the period summer semester 1995 through spring semester 1998.

We evaluated the College's efforts to assess the quality of its educational programs. The efforts evaluated included obtaining the results of licensing and certification examinations and contacting employers of four-year college and university graduates to determine if the training provided by the College was adequate. Also, we determined whether the College had established procedures for evaluating and obtaining accreditation of its programs. Finally, we reviewed the methods used by the College to periodically assess the job training needs of the community's employers.

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 data base for use in examining repetitive course enrollments, minimum class enrollments, and underage student enrollments.

We reviewed the program and financial records for the At-Risk Students Success Program grants to determine whether the College complied with State requirements.

We determined if the College obtained required State approvals for capital outlay or renovation projects (in progress during the period August 1, 1995 through July 31, 1998) in compliance with appropriations acts and State procedures. Also, we reviewed the College's program statements and other planning documents regarding its Harrison campus and Mount Pleasant satellite campus projects and compared them with conditions present during the projects' planning periods. This included examining student enrollment and facility utilization information.

Agency Responses

Our audit report contains 4 findings and 5 corresponding recommendations. The College's preliminary response indicated that it agreed with all 5 recommendations. The College will initiate corrective action when appropriate.

The agency preliminary response which follows each recommendation in our report was taken from the agency'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 the Appropriations Committees, the House and Senate Fiscal Agencies, the Department of Education, 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 Mid Michigan 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 a reportable condition relating to student academic placement.

FINDING

1. Student Academic Placement

The College did not require students to demonstrate sufficient academic competency for college-level courses prior to allowing the students to enroll in such courses.

The College's admission policy requires assessment testing for most new students. The College uses the test results to determine recommended placement in either college-level courses or developmental courses^{*}. Developmental courses are intended to help students overcome identified weaknesses in reading, writing, and math skills. If students with low assessment test scores elected not to take recommended developmental courses, the College did not require the students to otherwise demonstrate their academic competency for college-level courses.

^{*} See glossary on page 25 for definition.

To review the effectiveness of the College's developmental courses, we compared the success of students who were recommended for and took developmental English courses with students who also were recommended for developmental English courses but did not take them. We identified and reviewed 299 students who received low English assessment test scores during our audit period. We determined that 161 (53.8%) of the 299 students had enrolled in a college-level English course without first completing the recommended developmental English course. Only 62 (38.5%) of these 161 students were successful in the first college-level English course. However, 66 (47.8%) of the 138 students who had completed the College's recommended developmental English course were successful in the first college-level English course. These test results indicate that students who completed the recommended developmental English courses were, at least initially, more academically successful than those students who did not complete the recommended developmental courses.

Helping to ensure that students achieve academic success enhances the efficient use of resources by reducing the number of times a student may need to repeat a course. Also, improving student performance should help to increase student retention and better enable the College to achieve its mission.

RECOMMENDATION

We recommend that the College require students to demonstrate sufficient academic competency for college-level courses prior to allowing the students to enroll in such courses.

AGENCY PRELIMINARY RESPONSE

The College agrees and informed us it is currently engaged in a review of mandatory student course placement. The College has recently adopted new assessment testing software which will be utilized for determining college-level or developmental studies course placement. Cut scores which will ultimately determine student placement as of this writing have not yet been established. Additionally, the College's Instructional Council has begun to investigate establishing a minimum reading level for college level course placement. This Council will offer a recommendation on mandatory course placement no later than March 1999. This recommendation will be acted upon within two months of its receipt.

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.

Noteworthy Accomplishments: The College was first accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools in 1974 and has retained its accreditation without interruption to the present. The College's methods for evaluating the quality of education include developing an academic assessment plan, analyzing student licensure and certification examination results, establishing advisory committees for its occupational programs, and obtaining information through surveys of employers and graduates. The College has also made significant progress toward the development and implementation of a strategic plan. Implementation of specific goals and objectives, resulting from this plan, was scheduled to begin during fall semester 1998.

EFFORTS TO USE EDUCATIONAL PROGRAM RESOURCES EFFECTIVELY AND EFFICIENTLY

COMMENT

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 education programs. However, our assessment disclosed reportable conditions relating to repetitive course enrollments and minimum class enrollments.

Noteworthy Accomplishments: The College had developed goals and objectives directly related to the effective and efficient use of educational resources as part of its

recently completed strategic plan. Implementation of the plan is expected to occur during fall semester 1998.

FINDING

2. Repetitive Course Enrollments

The College's internal control structure* did not allow the College to effectively monitor repetitive course enrollments.

The College's repetitive course enrollment policy, which became effective in fall semester 1995, requires that students obtain written approval of a counselor and the Dean of Student Services when enrolling in a course for the third or more time. Also, students must obtain the approval of the Vice President of Academic Services when enrolling in the course for the fourth or more time. The intent of the policy is to prevent repetitive enrollment abuse and help ensure that counselors are alerted to students not making satisfactory academic progress*. College registration staff are responsible for determining that students obtain the required approvals.

We analyzed the repetitive enrollments of students who enrolled in classes during fall semester 1995 through winter semester 1998. Our analysis of these students' academic histories identified 234 students who enrolled between three and six times in one or more courses. We tested compliance with the College's repetitive course enrollment requirements for a sample of 31 of these students.

We determined that in 16 (51.6%) of the 31 cases in which a student enrolled in a course three or more times, the students had not obtained the required written approvals of both a counselor and the Dean of Student Services. In 7 of these 16 cases, the students had not obtained either of the required written approvals.

The College's automated registration system notifies its enrollment services staff at the time of registration that a student is attempting to enroll in the same course for the third or more time. College staff believed that the errors may have resulted from the inexperience of temporary staff assigned to process student registrations during peak enrollment periods.

* See glossary on page 25 for definition.

Noncompliance with the repetitive course enrollment policy results in a lack of proper monitoring of student academic progress. Also, because the tuition paid by students covers only 38.7% of the total cost of a course, allowing students to repetitively enroll in the same course may result in the inefficient use of State and local tax dollars.

RECOMMENDATION

We recommend that the College improve its internal control structure to effectively monitor repetitive course enrollments.

AGENCY PRELIMINARY RESPONSE

The College agrees and will apprise its registration staff of the necessity to comply with college policy on repetitive enrollments. Training will be provided to ensure that temporary registration workers are knowledgeable of policy requirements and student service staff will monitor to ensure compliance. Additionally, the College staff will recommend a modification in the existing repetitive enrollment policy to allow "an appointed representative" of the Dean and Vice President to review re-enrollment requests. This will be particularly helpful at the Mount Pleasant campus because the Dean and Vice President are only occasionally on that campus during student registration.

FINDING

3. Minimum Class Enrollments

The College often did not maintain documentation to support compliance with its minimum class enrollment policy. Also, the College did not analyze pertinent revenue and expenses when establishing its minimum class enrollment policy.

The College's informal policy on minimum class enrollments was contained within its faculty contract. The policy established 15 students as a minimum enrollment guideline beginning with winter semester 1997. The minimum enrollment guideline was 13 students prior to that semester. The College's instructional administrators review enrollment levels at the beginning of each semester to determine whether to hold or cancel classes with fewer than 15 students. Generally, administrators

then document in a memorandum to the Vice President of Academic Services their decision and reasons for holding or canceling these classes.

During the period August 1, 1995 through July 31, 1998, the College held 417 classes (excluding personal interest and certain specialized classes) that had enrollments below the minimum levels established in the faculty contract. Our review of these low-enrollment classes and related issues disclosed:

- a. For 64 (15.3%) of the 417 classes, the College's instructional administrators had not prepared a memorandum to the Vice President of Academic Services or otherwise documented their decision and reasons for holding each class. Upon our inquiry, the administrators were able to provide probable reasons for holding all 64 classes. The reasons were for various conditions including that the class was a combination of different classes or sections, an independent study class, required for degree or certificate completion, or taught by a part-time instructor. To help ensure that College resources are efficiently used, the decisions and reasons for holding the low-enrollment classes should be documented.
- b. The College did not analyze revenue and expenses associated with varying class sizes. The College and the faculty negotiating board agreed to increase the minimum class enrollment level from 13 to 15 students without reviewing related fiscal issues, including the number of tuition paying students required for a class to break even.

For 63 (15.1%) of the 417 low-enrollment classes, the College's instructional administrators approved holding the class entirely, or in part, because the class was taught by a part-time instructor. The remaining 354 classes were taught by full-time instructors. Because the College had not considered fiscal issues when establishing the minimum class enrollment policy, it could not document at what level of enrollment holding a class was an efficient use of the College's resources.

RECOMMENDATIONS

We recommend that the College maintain documentation to support compliance with its minimum class enrollment policy.

We also recommend that the College analyze pertinent revenue and expenses when establishing its minimum class enrollment policy.

AGENCY PRELIMINARY RESPONSE

The College agrees with both recommendations. However, the College informed us that the current minimum course enrollment is governed by a negotiated master agreement between the College's Board and the full-time faculty. The College administration will present this matter for consideration during the next contract negotiations, scheduled to begin during spring semester 1999. Information to support revenue and expense analysis will be given to the negotiating teams. Additionally, the College will be more diligent in requiring and maintaining documentation for any deviation from policy.

COMPLIANCE WITH LEGISLATIVE REPORTING REQUIREMENTS

COMMENT

Audit Objective: To determine whether the College complied with the Legislature's reporting requirements for education programs.

Conclusion: The College complied with the Legislature's reporting requirements for education programs.

RELEVANCY AND ACCURACY OF CAPITAL OUTLAY PROGRAM STATEMENTS

COMMENT

Audit Objective: To evaluate the relevancy and accuracy of recent capital outlay program statements submitted to the Department of Management and Budget (DMB).

Conclusion: Our evaluation disclosed that the College's program statements were relevant but generally not accurate. Our evaluation disclosed one material condition.

The College did not accurately determine and report all student enrollment and facility utilization information in capital outlay planning documents submitted to DMB.

FINDING

4. Capital Outlay Project

The College did not accurately determine and report all student enrollment and facility utilization information in capital outlay planning documents submitted to DMB. As a result, these documents significantly overstated enrollment information and did not address certain pertinent facility utilization issues.

Act 149, P.A. 1992, authorized \$6.5 million to the College for the completion of plans and commencement of construction of a student community services building at the College's main campus in Harrison. The project, which would be 50% State-funded and 50% College-funded, was to include new wings for science, health technologies, community education, and student services, as well as extensive remodeling of current facilities. The College later revised its capital outlay plans to downsize the Harrison campus project to consist of construction of a science and health facility and renovation of student services facilities and to purchase and renovate a satellite campus facility in Mount Pleasant.

In November 1992, the College submitted to DMB a capital outlay program statement revision request containing its revised plans for the Harrison campus and the Mount Pleasant satellite campus projects. The College submitted the required capital outlay program statement to DMB in March 1993 and received approval for the two projects in October 1993. Act 163, P.A. 1993, authorized these revisions to the College's capital outlay plans. The College purchased a building and began renovation for the satellite campus project in December 1993.

In January 1997, the College received DMB approval to remove the student services component from the revised plans for the Harrison campus project. The College requested the change in a revised capital outlay program statement prepared in November 1996, after purchasing a larger building than had been planned for the Mount Pleasant satellite campus. This allowed the College to relocate some of its student services staff to the Mount Pleasant satellite campus. Construction of the Harrison campus project began in July 1997.

The College's planning documents indicated that the primary reasons for constructing a new science and health facility at its Harrison campus were that current facilities were out-of-date, inadequately ventilated, and overcrowded. Also included in the planning document as a primary reason for the facility was projected annual increases in the student enrollment. The program statements also listed other nonquantitative reasons: safety, health, Americans With Disabilities Act considerations, lack of sufficient storage space, and miscellaneous deficiencies with current facilities.

Our review of the College's planning documents and subsequent conditions at the College disclosed:

- a. The College's November 1992 capital outlay program statement revision request for the Harrison campus and Mount Pleasant satellite campus projects reported that the College's enrollment had increased over 15% in the last two years. The College did not retain documentation supporting this statement. Therefore, we compared the College's enrollment during school year 1991-92, the year immediately preceding the November 1992 capital outlay program revision request, to enrollment in school year 1989-90. We determined that both total credit hours provided and full-year equated student enrollment had increased only 5.3%.

- b. The College projected in its March 1993 capital outlay program statement that total credit hours provided at the Harrison campus would increase 3.2%, 1.0%, and 1.0% during school years 1993-94, 1994-95, and 1995-96, respectively. We determined that actual credit hours provided during these three years decreased as shown in the following table:

School Year	Projected Credit Hours	Actual Credit Hours Provided	Percentage That Actual Credit Hours Were Less Than Projected
1993-94	34,222	30,549	10.7%
1994-95	34,564	26,142	24.4%
1995-96	34,909	24,228	30.6%

The College did not revise these inaccurate credit hour projections when it submitted its November 1996 revised program statement. Rather, the College continued to report the projected credit hour increases for the Harrison campus that were significantly higher than actual credit hours.

- c. The College did not determine or report utilization information for science and health laboratories in any of its planning documents submitted to DMB. The majority of the new construction at the Harrison campus project was planned for new laboratories. Therefore, utilization information for these existing facilities would appear to be pertinent information that should have been reported in the planning documents.

We analyzed the College's utilization rates for its science and health laboratories for fall semester 1995 and winter semester 1996. These two semesters were within the last complete school year immediately prior to the College's November 1996 revised program statement. We determined that laboratory utilization rates for the two semesters were:

Laboratory	Fall Semester 1995	Winter Semester 1996
Physics	13.4%	19.6%
Biology	32.1%	28.6%
Chemistry	21.4%	41.1%
Microbiology	30.4%	21.4%
Nursing Lab	27.7%	52.7%
Overall Average	25.0%	32.7%

The utilization rates in the above table were based on usage from Monday through Thursday, 8:00 a.m. through 10:00 p.m. Generally, the College did not schedule classes on Fridays.

We also determined that the average utilization of these laboratories in fall semester 1996 and winter semester 1997 was 23.2% and 24.6%,

respectively. These semesters were within the last complete school year immediately prior to starting construction of the Harrison campus project in July 1997.

To help facilitate the efficient use of limited State resources, it is important that the planning documents submitted to DMB provide accurate and complete information for evaluating a project and support the project's priority in relation to other proposed capital outlay projects.

In other recent community college audit reports issued by the Office of the Auditor General, we have noted the need for DMB, in conjunction with the colleges, to establish procedures to determine the continued relevance of community college capital outlay program statements prior to final project funding being authorized. Our discussions with DMB staff disclosed that they are currently revising their policy regarding this issue.

RECOMMENDATION

We recommend that the College accurately determine and report all student enrollment and facility utilization information in capital outlay planning documents submitted to DMB.

AGENCY PRELIMINARY RESPONSE

The College agrees and intends to develop all future capital outlay program statements utilizing accurate data. Also, if any request for capital outlay necessitates a revision, projected estimates included in the original program submission will be reviewed and updated.

Glossary of Acronyms and Terms

academic progress	A student's progression toward completion of course work required for a degree or certificate program.
developmental course	A basic course in English, math, or reading designed to correct a student's academic deficiencies prior to enrollment in college-level courses.
DMB	Department of Management and Budget.
effectiveness	Program success in achieving mission and goals.
efficiently	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
internal control structure	The management control environment, management information system, and control policies and procedures established by management to provide reasonable assurance that goals are met; that resources are used in compliance with laws and regulations; and that valid and reliable performance related information is obtained and reported.
material condition	A serious reportable condition which could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the opinion of an interested person concerning the effectiveness and efficiency of the program.
mission	The agency's main purpose or the reason 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 coming to the auditor's attention that, in his/her 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.