

## EXECUTIVE DIGEST

# NORTH CENTRAL MICHIGAN COLLEGE

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### INTRODUCTION

This report, issued in May 2002, contains the results of our performance audit\* of North Central Michigan College.

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### AUDIT PURPOSE

This performance audit was conducted under the authority of Section 212(2), Act 272, P.A. 2000 (a section of the community college appropriations act), which mandates that the Auditor General conduct not less than three performance audits of community colleges each year.

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### BACKGROUND

North Central Michigan College is primarily a public two-year institution of higher education offering academic and occupational degree and certificate programs. Also, the College provides students with educational opportunities through certain bachelor's and master's degree programs offered in partnership with Lake Superior State University, Grand Valley State University, and Spring Arbor University. The College is located in Petoskey, in Michigan's northwestern Lower Peninsula. Besides its Petoskey campus, the College has regional centers in Cheboygan and Gaylord. The College district includes the Charlevoix-Emmet Intermediate School District and the Cheboygan-Otsego-Presque Isle Educational Service District comprising 24 constituent local school districts.

The College was established in 1958 as Michigan's twelfth community college and 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 six-year terms.

The College's mission\* is to provide educational, economic, and cultural opportunities for individual growth and community improvement in the following areas: quality education and support services, community services and activities, educational pathways to economic and work force development, educational leadership, and a center for higher education in partnership with other providers.

The College is supported financially through millage revenue from Emmet County, student tuition and fees, appropriations from the State of Michigan, federal and State grants, and other miscellaneous income. For the fiscal year ended June 30, 2000, the College reported current fund revenues (general, designated, auxiliary activities, and restricted funds) of \$12,069,771; expenditures and transfers of \$12,030,989; and enrollment of 1,038 fiscal year equated students\*.

As of winter semester 2001, the College employed 31 full-time faculty, 123 part-time faculty, and 83 full-time and part-time administrative support personnel.

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**AUDIT OBJECTIVES,  
CONCLUSIONS, AND  
NOTEWORTHY  
ACCOMPLISHMENTS**

**Audit Objective:** To assess the effectiveness of the College's admission and monitoring practices to help students successfully complete their classes and programs.

**Conclusion: The College's admission and monitoring practices were generally effective in helping students successfully complete their classes and programs.** However, our assessment disclosed reportable conditions\*

related to assessment of student academic achievement and articulation agreements (Findings 1 and 2).

**Noteworthy Accomplishments:** The College has vigorously pursued bachelor's and master's degree program offerings in partnership with several Michigan universities. As of fall semester 2001, the College offered 7 bachelor's degree programs and 3 master's degree programs. Most of these partnership programs are offered as "3 + 1 programs." In these programs, a student completes three years of studies as a student of the College at its tuition rate and the final year as a student of a four-year university at the university's tuition rate. The student then receives a four-year degree from the university. All 3 + 1 classes are held at the College. These programs enhance academic achievement by providing area students with the opportunity to continue their education at community college tuition rates while remaining in the community. Student enrollment in these programs has increased 93% since fall semester 1998.

**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 1972 and has retained its accreditation without interruption to the present.

The College offers assurance of quality guarantees to students completing Associate of Arts/Associate of Science degree transfer courses and Associate of Applied

Science degree occupational programs for retraining if a graduate is subsequently judged by an employer as lacking the technical job skills normally expected of any entry level employee.

**Audit Objective:** To assess the effectiveness of the College's efforts to use its educational program resources effectively\* and efficiently\*.

**Conclusion: The College was somewhat effective and efficient in its use of resources for educational programs.** Our assessment disclosed one material condition\*:

- The College's process for determining classroom utilization did not provide accurate information to enable the College to effectively and efficiently use its resources and plan for future classroom needs (Finding 3).

The College partially agreed with this finding. The College agreed that developmental credit classes should not count as two sections and that arranged classes\* and off-campus classes should be excluded from its classroom utilization calculation. The College did not agree that canceled classes should be excluded from its classroom utilization calculation. Once a commitment was made to offer a class, it considered the classroom space to no longer be available for other uses during the time period that the class was offered. The College stated that in order to be responsible and cancel low enrollment courses, it set itself up for underutilization of space.

Our assessment also disclosed reportable conditions related to minimum class enrollment and classroom scheduling (Findings 4 and 5).

**Noteworthy Accomplishments:** The College has a dedicated natural area of approximately 240 acres on its campus that is used to support instruction and by citizens from the community. Also, the College campus hosts several community events, including an annual campus cookout; a lecture series; the Bear River's Writers Conference, which attracts nationally recognized poets and writers; and the Campus Rampus and Free College Day during which classes are available at no cost to the community.

**Audit Objective:** To assess the effectiveness of the College's capital outlay planning and construction processes.

**Conclusion: The College was generally effective in its capital outlay planning and construction processes.**

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

**Conclusion: The College was generally effective in its methods for allocating operating and service costs to self-liquidating auxiliary activities and programs.** However, our assessment disclosed a reportable condition related to auxiliary activities fund cost allocations (Finding 6).

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AUDIT SCOPE AND  
METHODOLOGY

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

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

We reviewed the College's admission and enrollment processes, enrollment trends, and efforts to recruit and retain students. We extracted student academic record information from the College's database and analyzed the academic assessment and placement process. Also, we evaluated the College's efforts and methods used for monitoring student academic progress and achievement. In addition, we evaluated the College's efforts and methods used to assess and monitor the quality of its educational programs. Further, we reviewed the methods used by the College to assess the job training needs of community employers and examined the College's procedures for obtaining accreditation of its programs.

We extracted student academic record information from the College's database for use in examining repetitive course enrollment, minimum class enrollments, and course withdrawals. Also, we analyzed the College's use of its classrooms and faculty.

We reviewed the program statement, planning documents, payment documents, and other pertinent information related to the construction of the College's most recent capital outlay project. Also, we evaluated the College's most recent request for capital outlay funding and five-year

master plan documents for relevancy and compliance with the Michigan Capital Outlay Process\*. Further, we examined the College's allocation of operating and service costs to self-liquidating auxiliary activities and programs.

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**AGENCY RESPONSES**

Our audit report contains 6 findings and 7 corresponding recommendations. The College's preliminary response indicated that it partially agreed with Finding 3 and agreed with the remainder of the findings and recommendations.