

EXECUTIVE DIGEST

SELECTED COMMUNITY COLLEGES' REPORTING OF ACTIVITIES CLASSIFICATION STRUCTURE DATA

INTRODUCTION

This report, issued in May 1999, contains the results of our performance audit* of Selected Community Colleges' Reporting of Activities Classification Structure Data for the colleges' fiscal year 1997-98 (July 1, 1997 through June 30, 1998).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and was mandated by Act 295, P.A. 1998, the annual appropriations act for community colleges.

BACKGROUND

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). 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. For

fiscal year 1997-98, Act 85, P.A. 1997, continued with the reporting requirements as established in Act 117, P.A. 1984.

The Department of Education (DOE) is responsible for the collection and analysis of certain data submitted by the colleges on the various ACS forms.

**AUDIT OBJECTIVE
AND CONCLUSION**

Audit Objective: To assess whether colleges reported ACS data to DOE on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 85, P.A. 1997), the ACS Manual for Michigan Community Colleges, the Manual for Uniform Financial Reporting of Michigan Public Community Colleges (MUFR), and DOE's annual instructions.

Conclusion: We concluded that the selected community colleges generally reported ACS data to DOE on the ACS forms in accordance with the provisions of the annual appropriations act for community colleges (Act 85, P.A. 1997), the ACS Manual for Michigan Community Colleges, MUFR, and DOE's annual instructions. However, we did identify reportable conditions* relating to the disclosure of required data; calculation of the count date for credit hours, contact hours, and student headcount; student and course data reporting; residency verification; contact hour computations and reporting; and cost allocations and expenditure reporting (Findings 1 through 6).

These reporting errors were not considered material and may not necessarily have a direct dollar impact on the community colleges' funding. However, 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 85, P.A. 1997), the ACS Manual for Michigan Community Colleges, MUFRR, and DOE's annual instructions.

**AUDIT SCOPE AND
METHODOLOGY**

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, 1998. 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 DOE:

Alpena Community College
Jackson Community College
Kirtland Community College
Lansing Community College
Charles Stewart Mott Community College
Washtenaw Community College
Wayne County Community College

We interviewed staff responsible for preparing and submitting ACS data at each college. We tested the reporting of current fund expenditure data at the activity, subactivity, and element levels; supporting documentation regarding general fund full-time equated positions; and data related to tuition rates and local financing. We also tested the accuracy of reported contact and credit hours and headcount totals; class lists for headcounts, including in-district and out-of-district classification, class drop and add adjustments, and registration documentation; contact

hour calculations; methods for determining legal residency; and methods for classifying general fund and non-general fund courses. 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 includes 6 findings and 6 corresponding recommendations. We discussed our audit findings, along with the other reporting exceptions presented as supplemental information, with the management of each community college. The colleges' responses indicated general concurrence with our recommendations.