

### **1G SBCCC 400.3 Compliance Reviews**

- (a) Frequency. The System Office shall conduct a compliance review of each college once every two fiscal years unless the college's prior year review has material findings. If a compliance review has material findings, the System Office shall conduct a compliance review during the subsequent fiscal year. If a college is not scheduled for a compliance review in a particular year, the college president may request the System Office conduct one, subject to the availability of resources.
- (b) Period of Review. Compliance reviews shall review a sample of records for college-funded basic skills, continuing education, and curriculum course sections for which FTE was reported for the Summer, Fall, and Spring terms completed immediately preceding the end (June 30) of the most recently completed fiscal year.
- (c) Compliance Review Components. A compliance review shall include the following components:
  - (1) Review of Course Section Sample. System Office Compliance Services staff shall review a statistically valid sample of course section records to ensure a college has reported FTE that is included in budget full-time equivalent (BFTE) calculations consistent with the provisions of this Chapter. For each course section in the review sample, System Office Compliance Services staff shall determine whether the following conditions were satisfied:
    - (A) The college did not report FTE for activities disallowed in 1G SBCCC 200.95.
    - (B) The State Board has approved the college to provide the course.
    - (C) It is appropriate for the FTE associated with the course section to be included in BFTE calculations per 1G SBCCC 100.99.
    - (D) Any minors enrolled in a basic skills, continuing education, or curriculum course section have met the requirements of 1D SBCCC 200.95, 1D SBCCC 300.4(c), or 1D SBCCC 400.99, respectively.
    - (E) The number of FTE reported by the college for the course section complies with Subchapter 200 of Title 1, Chapter G of the SBCCC.
    - (F) The course section took place in the college's service area or the appropriate instructional services agreement was executed. If instruction was delivered

under an instructional service agreement, the FTE was pro-rated (if applicable) consistent with the terms of the agreement.

(G) The instruction was provided either through a college-employed instructor or through a third-party contract that complies with contracted instruction rules in Title 1, Chapter D of the SBCCC.

(H) The college charged or waived the applicable tuition or registration fees consistent with the rules in Title 1, Chapter E of the SBCCC.

(2) Review of Internal Class Visits. Each college shall include a local plan to visit a sample of continuing education course sections as part of the Continuing Education Accountability and Integrity Plan required under 1D SBCCC 300.4(a). System Office Compliance Services staff shall review documentation to ensure the college is following its internal class visit plan, but no other components of this plan shall be reviewed by the compliance examiner.

(d) Financial reversions. *(Reserved for future codification)*

(e) Compliance Review Findings. Compliance Services shall provide a written report of any material compliance review findings to the college president, local college board of trustees, the State Board of Community Colleges, and the State Auditor. If a college disagrees with any of the findings in the report, the college president may submit a written appeal to the State Board of Community Colleges (SBCC). The written appeal shall identify one or more of following bases for appeal and provide evidence in support of each basis for appeal:

(1) One or more compliance review findings are outside the scope of the factors listed in 1G SBCCC 400.3(c);

(2) One or more compliance review findings constitute an error in application of the law; or

(3) One or more compliance review findings constitute an error in fact.

The college must submit the written appeal within 30 days of receipt of the compliance review report. The Accountability and Audit Committee of the State Board of Community Colleges shall review the appeal and make its recommendation to the full State Board. The Accountability and Audit Committee of the State Board of Community Colleges will base its recommendation on whether the college established

more likely than not that each compliance review finding under appeal satisfied either of the factors listed above in 1G SBCCC 400.3(e)(1) – (e)(3).

(f) Compliance Review Advisory Committee.

(1) The Committee shall be composed of the following members, each of whom shall serve for a three-year term:

(A) Three college presidents appointed by the President of the North Carolina Association of Community College Presidents.

(B) Two instructional administrators appointed by the President of the North Carolina Association of Community College Instructional Administrators.

(C) One continuing education administrator and one basic skills director appointed by the President of the North Carolina Community College Adult Educators Association.

(D) One continuing education administrator appointed by the Continuing Education Leadership Committee established under 1D SBCCC 300.5(b)(2).

(E) One curriculum registrar/records manager appointed by the President of the Student Development Administrators Association.

(F) One continuing education registrar/records manager appointed by the Continuing Education Leadership Committee established under 1D SBCCC 300.5(b)(2).

(G) The designee of the North Carolina Community College System President, who will be responsible for convening the Advisory Committee at least biannually.

(H) The designee of the State Auditor, who will serve as a non-voting member.

(2) No member of the Compliance Review Advisory Committee shall serve more than two consecutive terms of three years on the Committee. This limitation does not prohibit an individual from serving future terms after a period of non-service.

(3) The Compliance Review Advisory Committee is responsible for receiving college feedback about the compliance review process and making recommendations to the State Board of Community Colleges on desired policy changes and to the North Carolina Community College System Office on desired procedural changes. The Committee shall report to the Accountability and Audit Committee of the State Board at least annually on any recommendations.

*History Note: Authority G.S. 115D-5(m);*

*Eff. [November 1, 2017](#).*