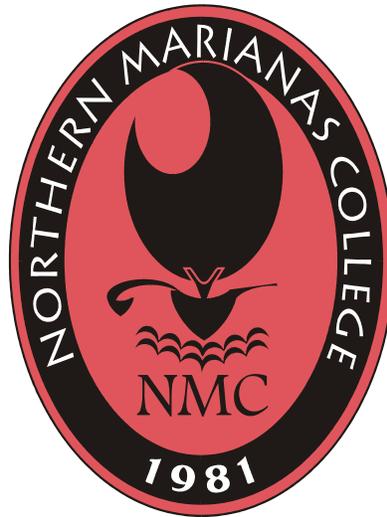


NORTHERN MARIANAS COLLEGE  
SHOW CAUSE REPORT

October 15, 2008



*Submitted to:*  
Accrediting Commission for Community and Junior Colleges  
and the  
Accrediting Commission for Senior Colleges and Universities  
Western Association of Schools and Colleges

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## **I. Statement on Show Cause Report Preparation**

On January 31, 2008 the Accrediting Commission for Community and Junior Colleges (ACCJC) informed the Northern Marianas College (NMC) that it had reviewed and accepted the October 15, 2007 Progress Report and decided to place the College on Show Cause subject to Termination on January 2009. The College has acted to continue to address the Team Recommendations and Eligibility Requirement #5.

The issues in the October 15, 2008 Show Cause Report were discussed in detail with the College community using its existing committees and councils. The College's Management Team, Human Resources Office staff, Office of Institutional Effectiveness staff, and the Chair of the General Education Assessment Committee had a direct role in preparing the report.

The final draft prior to final editing was presented to and accepted by College Council on October 14, 2008. The report was subsequently presented to and accepted by the Board of Regents on October 15, 2008. At the regular meeting of the Board, the report was reviewed with the Management Team and other constituents of the College.

The October 15, 2008 Show Cause Report is submitted for the purpose of addressing the concerns raised by the Accrediting Commission for Community and Junior Colleges and the Accrediting Commission for Senior Colleges and Universities.

I certify that there was broad participation by the College community and we believe this Progress Report accurately reflects the actions taken by the institution.



Dr. Carmen Fernandez  
President, Northern Marianas College

## II. Responses to Team Recommendations and Commission Action Letter

### A. Team Recommendation 1

*The college should review existing planning processes in order to establish and implement a shared vision for the future of the college with agreed upon priorities that:*

- a. Develops and implements budgeting and resource allocations guided by institution needs for human resources and services;*
- b. Includes the two centers on Tinian and Rota in the planning;*
- c. Integrates all aspects of planning, evaluation and resources allocation;*
- d. Is driven by college mission and goals;*
- e. Relies on faculty and staff participation;*
- f. Is well documented and widely distributed.*

*(Standards I.B.2., I.B.3., I.B.4., I.B.5., I.B.6., II.A.1., II.A.2., II.B.4., II.C., III.A., III.B., III.C., III.D., IV.A., IV.B., including various subsections)*

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### NMC PROA-Strategic Plan 2008-2012

Northern Marianas College (NMC) adopted and implemented the PROA Strategic Plan 2008-2012 (PROA-SP) (Appendix A) that was the result of a series of visioning and strategic planning sessions involving all constituencies of the College, to include representatives from the Rota and Tinian centers. The plan went through the shared governance process and was utilized in the development of the College's Operations Budget Request for Fiscal Year 2008-2009. The budget request approved by the Board of Regents included supporting documentation outlining clear linkages of any increases of previously funded items or requests for additional items requiring financial appropriation to the PROA-SP Strategic Goals, Priority Initiatives and, where applicable, the Program Review 2008: A Composite Report for Academic Programs and Academic Support and Administrative Programs (Composite Report) (Appendix B).

The Operational Plan is a working document drafted in September 2008 that supplements the PROA-SP. The plan organizes actionable items in support of the Priority Initiatives in addition to identifying responsible parties, establishing implementation timelines, and specifying resources needed for each of those actions. Members of the Management Team developed the Operational Plan with the input of faculty, staff and supervisory personnel.

In general, the planning processes that are ongoing at the College and the resultant changes represent the collective wisdom of the College's administration, faculty, staff, and students in a collaborative effort to improve the institution. Such decisions are often based on available data and initiated through thoughtful and purposeful introduction through any of the deliberative bodies that are part of the shared governance process. In all cases, the potential impacts, both positive and negative, are considered from all points of view, thereby allowing the College to make decisions that are conceived, supported and approved with the understanding that such actions shall ultimately contribute to the progress of the students of

the college and advancement of the Commonwealth of the Northern Mariana Islands (Commonwealth).

### **Strategic Planning**

The current strategic document for the College is the PROA-SP. It is an update to the Strategic Plan 2006-2010 and was the product of a series of visioning sessions held in the Spring followed by strategic planning sessions held in the Summer of 2008.

The College embarked on an updated strategic planning process designed to identify for the College community the specific goals and initiatives that would lead the College through the next several years. An open invitation to participate in the strategic planning process was extended and meetings with individual constituency groups were held over a three-day period.

Building on the strategic plan of 2006, the College was able to re-affirm many of the goals, re-organize them along with appropriate manageable priority initiatives, identify responsible parties, implementation timelines, and resource allocation needs.

College Council met in August 2008 and approved the draft PROA-SP. The Presidents of the Faculty Senate, Staff Senate, and Associated Students of Northern Marianas College (ASNMC) are voting members of the College Council and were present to review and vote on the draft plan. The Council is part of the shared governance structure and serves as the primary advisory body to the President. The Council serves as 1) a clearinghouse for all recommendations and issues from the respective constituencies for action by the President; 2) a coordinating body for sharing information with the various constituencies and the President; and 3) a planning, assessment and monitoring group for NMC.

Subsequent to College Council's approval, the President recommended PROA-SP for approval by the Board. The Board of Regents unanimously approved the PROA-Strategic Plan 2008-2012 on September 25, 2008.

This document, the PROA-SP, has enabled the campus into seeing the possibilities for the College as well as allowed units and individuals across the campus to closely identify with the goals that are most important to them.

The timely review, revision, and adoption of an updated strategic plan involved each of the respective campus constituencies throughout the process. PROA-SP now serves as a foundational document in addition to the Composite Report in the allocation of financial, physical, technology, and human resources.

<p style="text-align: center;"><b>Strategic Plan Elements Summary Timeline</b></p> <p><b>Spring 2008</b> 3-day Visioning Sessions <u>Accomplishment:</u> <i>Strategic Education Master Plan (Draft)</i></p> <p><b>Summer 2008</b> 3-day Strategic Planning Sessions <u>Accomplishment:</u> <i>PROA Strategic Plan 2008-2012 (Draft)</i></p> <p><b>Fall 2008</b> <u>Accomplishment:</u> <i>PROA-SP Operational Plan (Draft)</i></p>
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### **a. Strategic Plan 2006-2010**

Development of the Strategic Plan 2006-2010 began with a three-day Visioning Conference in December 2003 attended by 65 participants and facilitated by Michael Rota and Dr. Papali'i F. Avegalio from the University of Hawaii.

Representatives of the local business community, government agencies, the CNMI Legislature, policymakers, and public and private school educators as well as NMC administrators, faculty, students, and staff participated in this planning session aimed at identifying and discussing issues and concerns in the Commonwealth and the role of the College in dealing with them. Additionally, the participants focused on issues and challenges specific to NMC.

A Visioning Conference Report, completed in June 2004, presented the outcomes of the conference and the information to be used by the College as it continued to conduct an "environmental scan" and "analyze the current situation."

The most valuable outcome of the Visioning Conference was the identification and prioritization of CNMI and NMC issues. Through an affinity process the CNMI issues were aggregated into sets, termed categories, and then the categories were combined into still larger sets, termed clusters. The same grouping method was applied to the NMC issues.

### **b. Strategic Education Master Plan**

Dr. Carmen Fernandez was installed as President in May of 2007. This, coupled with sustained levels of reduced government funding, and the November 7-9, 2007 Evaluation Team's Progress Visit Report citing again the College's need to review existing planning processes in order to establish a shared vision for the future of the College, served as the impetus for NMC to commence a series of visioning sessions facilitated by Hawaii Community College in Spring of 2008.

The sessions were conducted to further explore current presidential and Management Team priorities and their applicability to the existing Strategic Plan 2006-2010.

The resulting document from the Spring 2008 visioning sessions was the draft Strategic Education Master Plan (SEMP). SEMP contained essential elements that served to inform subsequent strategic planning sessions and later serve as a major contributing component to the Operational Plan in support of PROA-SP.

### **c. PROA-SP 2008-2012**

Using the Strategic Plan 2006-2010 as a foundational document, in the Summer of 2008 the College commenced a series of visioning sessions with individual stakeholder groups of the College such as the Board of Regents, management, faculty, staff and representatives of the student body, in order update the strategic plan. An open invitation to participate was

extended to all members of the College. A summary report of the strategic planning sessions as facilitated by Key Trio is attached (Appendix C).

Approximately 56 individuals affiliated with NMC participated in the mini-sessions including participants from Tinian and Rota.

The strategic planning process was done in hopes of validating the prior work of the College as well as to re-establish appropriate and meaningful goals for the future. Key Trio worked with constituencies from around the campus to identify aspirations and dreams for the future of the College. Once analyzed, these aspirations of what the College could be like were found to be in-line with the work of the previous visioning process conducted a few years earlier. The Management Team of the College took the aggregated results and categorized them into four major goals. These four major goals became the Strategic Goals of the PROA-SP, each with a series of initiatives and supporting operational plans designed to bring such aspirations into fruition and within a specified period of time. The four PROA goals are as follows:

<i>PROA Strategic Goals</i>	
<b>Goal One.</b>	<b>Promote student learning and success.</b>
<b>Goal Two.</b>	<b>Respond to the professional development, continuing education, and personal enrichment needs of the Commonwealth.</b>
<b>Goal Three.</b>	<b>Optimize financial and human resources.</b>
<b>Goal Four.</b>	<b>Accelerate the upgrade of physical and technology infrastructure.</b>

The PROA-SP serves to clearly link the mission of the organization with realistic goals and institutional priority initiatives with a defined time frame within the organization's capacity for implementation. The goals and institutional priority initiatives, in turn, should further guide the development of various plans and actions of the College. A fine example of this is evidenced by the development and approval of the Information Technology Master Plan (IT Master Plan) (Appendix D) as illustrated through this vignette:

The Technology in Education Committee (TEC) is the body responsible for developing the technology vision and associated plans for the College. Towards this end, TEC met over several months for the purposes of clearly articulating a plan, both strategic and operational in nature, that adequately addresses the technological needs of the college in terms of infrastructure, equipment and supplies, organizational support, instructional design, and computer literacy of campus constituents, to name a few. TEC is comprised of members of the faculty, management, and support staff and is chaired by the Director of the Office of Information Technology.

Each step of the TEC planning process was clearly and regularly communicated to the campus community via email and in each of the committees at the College that are part of the shared governance structure. The IT Master Plan was approved by TEC and College Council in the Fall of 2008 and forwarded to the President for final approval.

Both the Chair and members of TEC were publicly commended by the President for their commitment to completing the task of finalizing a technology master plan and for the inclusion of input from the campus community in formulating the plan as a stand-alone document in addition to also serving as a major component of the PROA-SP.

It is because of the IT Master Plan's congruency with PROA-SP Goal 4: Accelerate the upgrade of physical and technology infrastructure that it is highlighted in the Show Cause report as an exemplar of the strategic planning process here at the College. It is noted that the Priority Initiatives supporting Goal 4, as it relates to technology, was influenced, in great part if not in whole, by those items contained in the IT Master Plan.

This 'complimentary fit' between the IT Master Plan and the PROA-SP speaks to the effectiveness of the ongoing system of planning and assessment but also to the degree of transparency, open and tight knit collaboration, and transfer of knowledge by and between the various committees, offices and divisions within the College.

With the realization of these Strategic Goals and Priority Initiatives as outlined in PROA-SP, in the upcoming years, the College is poised to move its students into a 21<sup>st</sup> century learning environment in addition to providing the necessary support throughout their experience at NMC to ensure continued academic, personal, and professional success. Implementation of the PROA-SP will also ensure that the Commonwealth's need for an educated workforce is met.

## **Linking Planning and Assessment to Resource Allocation**

NMC's annual budget preparation has been driven, through the years, by the College's strategic plan and priority initiatives. The budget preparation for fiscal year 2008-2009 is guided by the PROA-SP (Strategic Goals, Priority Initiatives, and Operational Plan) and the results of program review.

There are two types of budgets that are prepared by the College each year: operations budget (Tuition and Fees) and legislative appropriations budget. The operations budget call was issued in August 2008 (Appendix E).

The operations budget request for fiscal year 2008-2009 (FY 09 operations budget) is the product of extensive deliberations by and between the College community inclusive of students, faculty, staff and the Fiscal Committee of the Board of Regents. Main elements of the FY 09 operations budget that differ from last year's submission are 1) the direct linkages to the PROA Strategic Plan 2008-2012, institutional priorities, and recommendations for action that emerged from program review; and 2) that various items historically included in the operations budget or that emerged from program review 2008 were assigned to alternative sources of funding such as revenues from grants and fundraising.

The Institutional Priorities Ad Hoc Committee (IPAC) is a group comprised of a cross-section of the campus community charged with developing the institutional priorities for FY 09. IPAC is to work closely with the Program Review and Outcomes Assessment Committee with program review results as a guide.

The planning process for allocation of financial resources typically begins with a budget call for individual offices and departments to prepare their respective budgets in accordance with the guidelines and criterion as specified in the budget call memo. The submissions are then compiled by the Budget Office and prepared for review and subsequent hearings by the Planning, Budgeting, and Evaluation Council (PBEC). After PBEC's review and approval, the proposed budget document is forwarded to the College Council for further examination and ratification upon determination that the proposed budget adequately addresses the needs of the College as evidenced in the various planning and assessment documents. The President then presents the budget to the Fiscal Committee of the Board of Regents for final review and approval.

The Board of Regents approved the Resolution 2008-02: Relative to Approving the Operations Budget Request for Fiscal Year 2008-2009 (Appendix F) on October 9, 2008 with an approved ceiling of \$3.1 million, as submitted by the President for and on behalf of the College.

Program review 2008 brought a critical and rather new dimension to the budget process. It was a College-wide activity that presented findings and recommendations that were unique to each program and with the clear intent of improving overall program effectiveness.

NMC adopted the use of the Nichols and Nichols' "Five-Column Model" in the Fall of 2007 as part of the College's coordinated, systematic process for evaluating program effectiveness with Key Trio educational consultants facilitating the process beginning Summer 2008. The Five-Column Model essentially provides the substantive framework that all programs, departments, and units must use in designing their assessment plans and reports. Each academic program, support program, and administrative unit had to identify student learning outcomes or administrative unit outcomes with specific measures of determining success for at least one outcome. Data were gathered and analyzed to determine if the outcomes were being met or if curricular/administrative processes needed change.

All departments/units (i.e., academic, community-based, student support, and administrative) participated in the program review process in the spring and summer of 2008. The objectives of the process were made clear to all units and included identifying strengths and weaknesses of the unit; analyzing current resources in the areas of human capital, financial inputs, and intangible support from the institution; analyzing potential areas of needed change or improvement based on data collected around outcomes for the unit; and discussion of needed additional resources to either meet current outcomes or for expansion into new areas. The process and product of the program review process helped to inform the overall planning and budgeting process for the College.

The Program Review and Outcomes Assessment Committee (PROAC) (Appendix G) was charged with oversight of the program review process and received the reports from each academic program and administrative unit.

PROAC met in Summer 2008 to develop a comprehensive report based on its deliberations on all the submitted program reports. The report, referred to as the Composite Report, gave the campus much to consider for needed changes by identifying program and institutional level recommendations. The list of recommendations was then forwarded to the President who in turn appointed the Institutional Priorities Ad Hoc Committee (IPAC)(Appendix F). As part of the budget process, IPAC considered the list of PROAC recommendations requiring financial resource allocation and forwarded their recommendations (Appendix H) to PBEC for inclusion in the FY 09 operations budget request. PBEC approved IPAC's recommendations on September 3, 2008.

It is important to note, however, that of the six IPAC recommendations to PBEC, there remain approximately 300+ items that do not require additional financial resource allocation but will, nevertheless, be implemented and tracked regularly by PROAC and the Office of Institutional Effectiveness.

**a. Example of program review recommendations linked to resource allocation.**

The following table is extracted directly from the IPAC Recommendations. It serves as a visual representing the direct linkages of the PROAC recommended and IPAC approved action for funding.

PROA STRATEGIC PLANNING	BUDGET PLANNING	PROGRAM REVIEW PROAC RECOMMENDATION	AMT. TO BE FUNDED
<p><b>GOAL 1: Promote student learning and success.</b> Goal 1#1: Improve the literacy and analytical problem-solving skills of students. Goal1#2: Strengthen student services and assess their effectiveness in meeting defined outcomes.</p> <p><b>GOAL 4: Accelerate the upgrade of physical and technology infrastructure.</b> Goal 4#6: Enhance technology support of teaching and student learning.</p>	<p>Operations budget for FY '09. This strengthens the services and capacity of the English Lab tailored for students enrolled at the developmental level.</p>	<p><b>GROUP A:</b> Bachelor and Associate Degree Programs: LIBERAL ARTS:</p> <p>2. Provide required resources to implement state-of-the-art English language lab and other student services to support English language instruction and the needs of students' English language learning across the curriculum. (also appears under Group D: ELI see NOTE below)</p> <p><b>ACTION: Procure English language lab and collateral equipment.</b></p>	<p>\$100,000</p>

Building M is identified as the facility to house the state-of-the-art English Lab. Although Building M was recently restored and refurbished, additional monies are needed in outfit the lab with computing equipment.

Renovation and reconstruction for replacement of Building M is expected to begin in October 2007 with a completion date of December 2007. Once completed, Building M will provide adequate space to house up to 17 faculty offices, a conference room, two administrative offices, a copy center, a classroom which can seat up to 15 students, a computer lab which can accommodate up to 15 individual work stations, a receiving dock, ramp and restroom facilities. The President has secured approximately \$100,870 from an alternate funding source of revenue, in addition to committed monies for capital improvement projects, towards the renovation and reconstruction of Building M in addition to purchasing furniture and collateral equipment.

**b. Example of an office’s budget submission linked to human resource allocation.**

The operations budget process permitted each office, unit, and department to submit each of their respective budget requests with a supporting rationale and appended documentation. Not all budgetary items that were highlighted in the program review process were affirmed by PROAC and IPAC but do, nonetheless, remain as essential elements in sustaining, if not enhancing, that office, unit or department’s level of effectiveness if fulfilling of its mission and the mission of the College.

The Office of Institutional Effectiveness (OIE) contains an example of this instance where the request was introduced in the program review document for the office but was not recommended for action by PROAC and, therefore, affirmed by IPAC. OIE’s concern is in the area of human resources. The following was extracted from OIE’s Form 2 (pg 15).

**Recommendations regarding Human resources**

**Institutional Recommendation #1:  
Hire Program Coordinator (PC) to assist with Planning functions of office.**

The result of discussions in PBEC allowed for the position to be included in the operations budget request for fiscal year 2008-2009. The President upheld the recommendation for inclusion and it was included in the final submission, as approved, by the Board of Regents.

As with other entities throughout the College, the Composite Report contains many of their recommendations for action as well as feedback from PROAC back to the unit or institution that emerged from the program review process. These recommendations spanned human, physical, technology and financial resource allocations. IPAC's recommendations in addition to additional information brought to PBEC and College Council assisted in guiding discussions related to the Operations Budget Request.

With this process, the College believes that the FY09 operations budget includes realistic strategic and operational investments with clear expectations linked to the improvement of teaching and learning at NMC. The PROA-SP and program review results will continue to be utilized in budget development.

## **Conclusion**

Northern Marianas College has identified and implemented fiscally sound, academically rigorous, and institutionally appropriate planning and budgeting processes throughout the campus. These processes have become recognized as the standard operating procedure for the College and are now well established. It is clear across campus that data-based decision making is the norm and that work will continue to implement the PROA-SP Strategic Goals, Priority Initiatives, and corresponding Operational Plans, as well as the appropriate curricular changes, and to hire additional staff while also providing necessary development for existing employees. Under the leadership of the President, along with a now-seasoned and energetic Management Team, the College has identified the appropriate tools and implemented the processes that will lead the institution into the years ahead.

## **B. Team Recommendation 2**

*The team recommends again that the college institutionalize a coordinated, systematic process for evaluating program effectiveness. This process should include definitions of learning outcomes for all programs, a determination of program relationships to labor markets, and objective measures of student performance, which can inform and guide decisions to improve programs*

*(Standards I.B.1., I.B.3., I.B.4, I.B.5, I.B.6, I.B.7., II.A.1., II.A.2., II.B.4., II.C., III.A., III.B., III.C., III.D., IV.A., IV.B.2.a., IV.B.2.b.)*

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In a major effort to meet ACCJC standards and to address Northern Marianas College's probationary status with the Commission, the Program Review and Outcomes Assessment Committee (PROAC), the overall assessment guidance and working committee for the institution, was established on July 13, 2007 with an appointment memo from President Dr. Carmen Fernandez (Appendix G). The mission of PROAC is to build and sustain a campus wide culture of evidence, which promotes, fosters and improves student learning outcomes at the course, program and institutional levels. Membership in PROAC is representative of the different constituencies at the College, including faculty, staff, administrators, and students.

To assist PROAC in fulfilling its mission, the Student Learning Outcomes Comprehensive Implementation Program (SLOCIP) was drafted in late summer 2007 and presented and discussed during Professional Development Days (PDD) prior to the Fall 2007 semester, with the assistance of Dr. Ray Somera, the current Academic Vice President at Guam Community College. During PDD, Dr. Somera facilitated the review and reorientation of student learning outcomes with an emphasis on program assessment. This resulted in the drafting and institutional acceptance of SLOCIP, which outlines the assessment and program review process. With the establishment of PROAC and SLOCIP, the College has institutionalized assessment that is focused and sustained through support and training (Appendix I). Additionally, participation in Program Review and Outcomes Assessment activities is listed in all job announcements, position descriptions, employment contracts, and professional services contracts.

As a first step in the direction of institutionalizing self-reflective dialogue, PROAC developed the NMC Assessment Taxonomy to more clearly identify the various academic programs, both degree and certificate, as well as student and administrative services the institution provides. The taxonomy is divided into four groups: Group A (General Education, Bachelor and Associate Degree Programs), Group B (Certificate Programs), Group C (Student Services and Administrative Units), and Group D (Special Programs and Services).

NMC uses Nichols and Nichols' "Five-Column Model" for reporting Student Learning Outcomes (SLOs) and Administrative Unit Outcomes (AUOs). This Five-Column model essentially provides the substantive framework that all programs, departments, and units must use in designing their assessment plans and reports. The complete Five-Column Model is also identified as Form 1.

For the Five-Column Model for SLOs, Column 1 identifies the College mission as the driving force behind all assessment activities. Column 2 includes program learning outcomes (about 3 to 5) which indicate what students will be able to know, do, think or value as a result of a given educational experience. Column 3 provides specific assessment tools that will measure what is to be achieved as identified in the previous column, as well as criteria for success. Column 4 summarizes assessment findings, as linked to the set program learning outcomes, while Column 5 discusses implications of the data (either quantitative or qualitative) in terms of how they can be used to improve certain aspects of the program.

For the Five-Column Model for AUOs, the same information is contained in the columns, as discussed above. The primary difference, however, occurs in Column 2 where a variation of the question may be asked, “What will the unit or department provide, improve or increase to improve student learning or services?” or “What will the students or clients be satisfied with, receive, understand or do?” What is important to remember is that SLO assessment results in improved *learning*, while AUO assessment results lead toward better *service*.

To assist programs in completing the Five-Column Model, a system of memos detailing the sequence and scope of each step of the model was put in place. All the identified academic and student services programs were scheduled to submit the first three columns completed in “Memo 1” on September 7, 2007. Those programs that had not completed the first three columns were then required to submit a formal request for a one-week extension. PROAC reviewed Memo 1 submissions for improvement through a process of dialogue with the various programs documented in the Consolidated Feedback Sheets. Dyads, PROAC members assigned to work closely with programs for which they took primary reading and feedback responsibilities, took the lead in reviews and feedback to programs. With the first three columns having been completed with Memo 1, each program was then required to submit Memo 2, which reports on the second, third, and fourth columns, by November 21, 2007.

With the submission of Memo 2 by programs to PROAC, the Fall 2007 semester concluded. The start of the Spring 2008 semester was highlighted by an assessment training workshop facilitated once again by Dr. Ray Somera from Guam Community College. The workshop was designed to review and reflect on the strengths and gaps of the College’s current implementation of SLOCIP (Appendix J).

The completion of Form 1 was planned on a College-defined two-year assessment cycle, with specified deadlines for submission of assessment requirements. It was hoped that this cycle would gradually regularize and routinize all assessment activities on campus since every grouping in the assessment taxonomy had a document submission requirement every semester. An Assessment Monitoring Matrix was developed and is maintained by PROAC, with administrative support from the Office of Institutional Effectiveness.

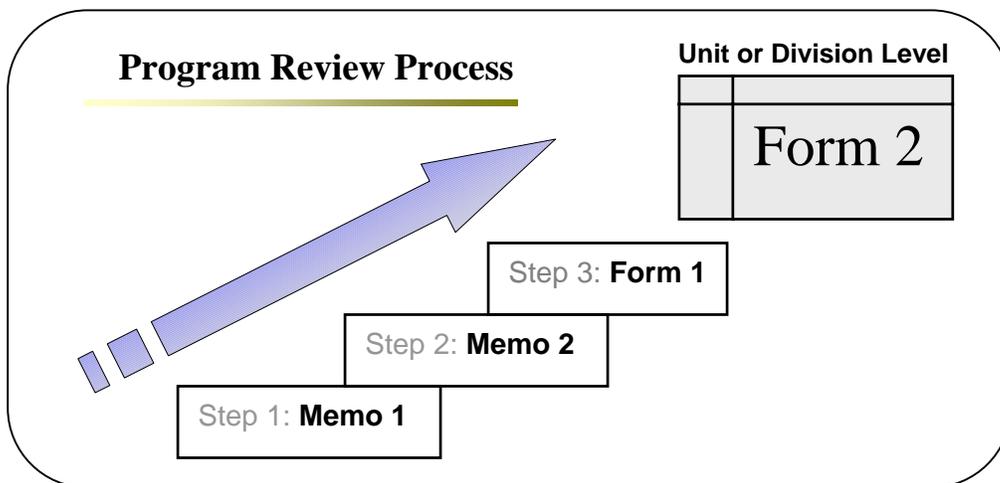
The sizable number of inactive programs, especially certificate programs, resulted in the Academic Council setting up formal procedures for the institution to place academic degree and/or certificate programs on "inactive" status. Several academic programs have been put on inactive status and several more are scheduled to be placed on inactive status in the Fall 2008

semester. This has resulted in the modification of the taxonomy and reorganization of its degree and certificate offerings (Appendix K).

The Assessment Taxonomy was also revised to reflect the College's need to establish General Education Program Learning Outcomes that support the mission of the College. The General Education Assessment Committee was revitalized in the summer of 2008 to re-evaluate the outcomes as stated in the 2006-2008 General Catalog. PROAC made the decision to remove the General Education Program from the taxonomy in the first review cycle because the College found that the published outcomes required significant modifications. The General Education Assessment Committee established a new set of outcomes and is now assisting programs in mapping to and assessing these outcomes. The General Education Program, in addition to programs put on inactive status and planned for inactive status, was not required to submit Form 1 and Form 2. Committees, such as Planning, Budget and Evaluation Council and College Council, in addition to institutional governance bodies, such as the Faculty Senate and Staff Senate, were not required to submit Form 2.

After the College received notification of its Show Cause status and engaged in extensive discussions with ACCJC, the institution decided to modify the timeline and require earlier submission of reports from all programs. Programs were required to complete Form 1 by May 27, 2008. Reports were submitted to PROAC for review and feedback. Submission of revised Form 1 reports was required with all Form 2 submissions to PROAC.

The following is a visual representation of the overall program review process:



PROAC worked closely with various programs to develop the templates for Form 2 (Appendix L). Two Form 2 templates were developed, one for academic programs and the other for academic support and administrative programs. The following is a list of required Form 2 sections for academic programs:

- Brief History of the Program
- Student Achievement Data  
Course Completion Data

Retention Term-to-Term  
Program Completion OR Degree/Certificate Completion Rates

- Human Resources: Faculty
- Physical Resources
- Technology Resources
- Program SLO Mapping
- Recommendations for Program and Recommendations for Institution

The Form 2 template for academic support and administrative programs is similar to the one for academic programs with small differences. The following is a list of required Form 2 sections for academic support and administrative programs:

- Brief History of the Program
- Specific Services/Functions of Program
- Data/Evidence
- Human Resources
- Physical Resources
- Technology Resources
- Program SLO/AUO Mapping
- Recommendations for Program and Recommendations for Institution

All programs were required to submit their Form 2 report on July 7, 2008. See Table 1: Form 2 with Form 1 Compliance below for information on groups' Form 2 with Form 1 submission compliance.

**Table 1: Form 2 with Form 1 Compliance**

FORM 2 with FORM 1 Summer 2008 Compliance as of August 4, 2008	GROUPS									
	A	% of A	B	% of B	C	% of C	D	% of D	Total	%Total
Yes - submitted	10	100.00	3	50.00	16	100.00	14	100.00	43	93.48
No - yet to submit	0	0.00	3	50.00	0	0.00	0	0.00	3	6.52
Total	10	100.00	6	100.00	16	100.00	14	100.00	46	100.00

PROAC met over two weekends to review the reports submitted in July 2008. Dyads took the lead in the review of their respective programs, although each PROAC member read and participated in the discussions. Decisions were made by the group and not by the dyads. A recorder was present to document the discussions on strengths, weaknesses, general comments, and PROAC decisions on the recommendations to the programs and to the institution. The results of the extensive reviews are presented in the Program Review 2008: A Composite Report of Academic Programs, and Academic Support and Administrative Programs, which was accepted by College Council on September 8, 2008 (Appendix B). It is

this report that serves as the primary guide when decisions are being made on the allocation of human, technology, physical, and financial resources at the College.

The Composite Report guided significant institutional decisions on the allocation of resources for a number of programs. First, PROAC recommended to the institution that it eliminate the Small Business Development Center from the Academic Programs and Services' (APS) Business Department and transfer services and functions to Community Development Institute in the Community Programs and Services (COMPASS) division in order to make more efficient use of human and financial resources. Second, PROAC approved the recommendation that the institution relinquish ownership of the KRNM radio station, freeing the College from any future financial liability associated with the station. These and other recommendations arising out of program review are documented in the Composite Report.

With the goal of maintaining momentum and focus on program assessment and review, and using as efficiently and effectively as possible the College's scheduled Professional Development Days for Fall 2008 (August 11-15, 2008), PROAC, the School of Education, the Faculty Senate and the Staff Senate took a different approach and organized working sessions for programs to begin work on the next cycle of program review. PROAC members gave feedback to programs on their Form 2 submissions early in the week and suggested workshop sessions to sign-up for later in the week to improve the quality of their program review reports. The following is a list of workshop sessions facilitated by College faculty and staff:

- History of Program and Program Advisory Council (PAC)
- Program Mission
- Program SLOs/AUOs and Human Resources
- Student Achievement Data and Other Data
- Physical Resources
- Technology Resources
- Mapping (General Education, Program, and Course)
- Recommendations to Program and to Institution

Workshop sessions were evaluated and programs were required to submit work completed for the sessions to the PROAC.

To further encourage accountability and improvement, PROAC required all programs to submit on October 8, 2008 a memo detailing actions to date taken on PROAC approved recommendations as detailed in the Composite Report (Appendix M). These reports demonstrate that the work accomplished over the last year on SLO assessment and program review is being used to guide decisions and make program improvements. PROAC will continue to work closely with the Office of Institutional Effectiveness (OIE) to monitor actions taken on recommendations arising out of the College's institutionalized coordinated, systematic process for evaluating program effectiveness.

In an effort to further support the College's commitment to program review as evidenced in the work completed by all its constituents, on October 3, 2008, College Council passed College Resolution No. 2008-01 Relative to "Board Operations: Institutional Effectiveness

Policy No. 1025” (Appendix N). The passage of the resolution memorializes the College Council’s 1) acknowledgement of the importance of the continued improvement of student learning, academic programs, and college operations through assessment, planning and monitoring, 2) affirmation of the establishment of SLOCIP as the College’s system to ensure institutional effectiveness and a high standard of quality in academic programming, and 3) recognition of PROAC as the official working committee charged to review plans and reports submitted by various departments and units of the College. This resolution serves as institutional recognition of PROAC as the primary assessment and program review body and of the processes developed and implemented by the College.

**C. Team Recommendation 4**

*The team recommends the college complete the cycle of developing, measuring, analyzing, and discussing student learning outcomes, and acting on the findings, as part of a continuous effort of improvement.*

*(Standards I.B.1., II.A.1.a., II.A.1.b., II.A.2., II.A.3., II.A.5., II.A.6., III.A.6., III B.2.b., III.C.2., III.D.3., IV.A.5., IV.B.2.b.)*

As described in the College’s response to Team Recommendation #2 in this Show Cause Report, NMC has been making strides in developing the collegial dialogue necessary to institutionalize the assessment process in order to complete the first program assessment cycle. The following presents a pictorial representation of PROAC’s steps for Form 1 completions as reported in the previous section:

## Form 1: PROAC Five-Column Model

### Step 1: Memo 1

MISSION (Column 1)	INTENDED PROGRAM/SERVICE OUTCOMES (Column 2)	MEANS OF ASSESSMENT AND SUCCESS CRITERIA (Column 3)	SUMMARY OF DATA COLLECTED (Column 4)	USE OF RESULTS (Column 5)
CNMI Constitution. Amendment No. 38, Section 2: "The mission of Northern Marianas College shall be to provide the best quality and meaningful postsecondary and adult education opportunities for the purpose of improving the quality of life for the individual and for the Commonwealth as a whole. The College shall be responsible for providing education in the areas of adult and continuing education, postsecondary and adult vocational education and professional development for the people of the Commonwealth."	What will students be able to know, do, think or value because of a given educational experience?  What will the unit provide, improve, or increase? OR What will the clients be satisfied with, receive or understand?  Identify outcome as a Student Learning Outcome (SLO) or Administrative Unit Outcome (AUO). Begin SLO's, "Students will..." Begin AUO's, To [verb]...	What are the specific assessment tools that will establish the degree and extent of what is to be achieved?  What are our criteria for success?	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following: 1) Link to goals, outcomes, tools, data collection and analysis; 2) Improvement plan vis-a-vis student learning; 3) Resources required
	What will students be able to know, do, think or value because of a given	What are the specific assessment tools that will establish the degree and extent	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following:

NMC Form 1 template-1  
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Created: June 1, 2008  
Revised:

### Step 2: Memo 2

MISSION (Column 1)	INTENDED PROGRAM/SERVICE OUTCOMES (Column 2)	MEANS OF ASSESSMENT AND SUCCESS CRITERIA (Column 3)	SUMMARY OF DATA COLLECTED (Column 4)	USE OF RESULTS (Column 5)
CNMI Constitution. Amendment No. 38, Section 2: "The mission of Northern Marianas College shall be to provide the best quality and meaningful postsecondary and adult education opportunities for the purpose of improving the quality of life for the individual and for the Commonwealth as a whole. The College shall be responsible for providing education in the areas of adult and continuing education, postsecondary and adult vocational education and professional development for the people of the Commonwealth."	What will students be able to know, do, think or value because of a given educational experience?  What will the unit provide, improve, or increase? OR What will the clients be satisfied with, receive or understand?  Identify outcome as a Student Learning Outcome (SLO) or Administrative Unit Outcome (AUO). Begin SLO's, "Students will..." Begin AUO's, To [verb]...	What are the specific assessment tools that will establish the degree and extent of what is to be achieved?  What are our criteria for success?	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following: 1) Link to goals, outcomes, tools, data collection and analysis; 2) Improvement plan vis-a-vis student learning; 3) Resources required
	What will students be able to know, do, think or value because of a given	What are the specific assessment tools that will establish the degree and extent	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following:

NMC Form 1 template-1  
Page 1 of 3  
Created: June 1, 2008  
Revised:

## Step 3: Form 1

MISSION (Column 1)	INTENDED PROGRAM/SERVICE OUTCOMES (Column 2)	MEANS OF ASSESSMENT AND SUCCESS CRITERIA (Column 3)	SUMMARY OF DATA COLLECTED (Column 4)	USE OF RESULTS (Column 5)
CNMI Constitution, Amendment No. 38, Section 2: "The mission of Northern Marianas College shall be to provide the best quality and meaningful postsecondary and adult education opportunities for the purpose of improving the quality of life for the individual and for the Commonwealth as a whole. The College shall be responsible for providing education in the areas of adult and continuing education, postsecondary and adult vocational education and professional development for the people of the Commonwealth."	What will students be able to know, do, think or value because of a given educational experience?  What will the unit provide, improve, or increase? OR What will the clients be satisfied with, receive or understand?  Identify outcome as a Student Learning Outcome (SLO) or Administrative Unit Outcome (AUO). Begin SLO's, "Students will..." Begin AUO's, To [verb]...."	What are the specific assessment tools that will establish the degree and extent of what is to be achieved?  What are our criteria for success?	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following: 1) Link to goals, outcomes, tools, data collection and analysis; 2) Improvement plan vis-a-vis student learning; 3) Resources required
	What will students be able to know, do, think or value because of a given	What are the specific assessment tools that will establish the degree and extent	Summarize findings vis-a-vis outcomes, assessment tools, and criteria for success.	Discuss implications of the data in terms of the following:

Form 1 template-1  
 Created: June 1, 2008  
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Programs were required to complete Form 1 by May 27, 2008. Reports were submitted to PROAC for review and feedback. Submission of revised Form 1 reports was required with all Form 2 submission to PROAC.

For the first assessment cycle, PROAC did not specify the nature and type of SLOs to be articulated and assessed by programs. To prepare for the next cycle, PROAC is analyzing the submissions to see if behavioral, cognitive, or affective SLOs are more likely to be assessed by programs. PROAC is also analyzing the assessment tools, measures and criteria used in the first cycle. The results of these analyses will guide the direction and professional development training PROAC and the institution offer to programs.

### Course Assessment

In addition to engaging in program review and assessment, the College is focusing on ensuring that all courses are assessed. Faculty members are taking a more systematic approach to assessing Student Learning Outcomes at the course level. In the Fall 2008 semester, the requirement is that faculty assess at minimum three course level SLOs in courses currently offered. The Academic Council, the body spearheading course assessment, is working closely with the Gen Ed Assessment Committee and PROAC to complete this first full cycle.

The following are the course assessment deadlines for Academic Programs and Services (APS) leading to the completion of the Five-Column Model for Courses in Fall 2008:

*October 6, 2008 (Monday):* Completion of the First Three Columns.

*October 31, 2008 (Friday):* (Re)Submit first three columns and an update (status check) on fourth column (data collected).

*December 29, 2008 (Monday):* Submit Complete Five-Column Model for Courses.

Submissions are made electronically to Academic Council with a copy to PROAC (Appendix O).

The Academic Council is working closely with PROAC and OIE to develop a comprehensive course assessment process that is well-integrated with program level assessment and processes currently in place, as described in SLOCIP and implemented in Academic Year 2007-2008.

### **Acting on Findings for Continuous Improvement**

Through the cycle of developing, measuring and analyzing SLOs, the College is acting on findings for continuous improvement. Two examples of this from course assessment are as follows:

#### Intermediate Algebra (MA132)

*Student Learning Outcome:* Student will apply scientific notation and the use of rational exponents in simplifying, multiplying, and solving radical and complex numbers and equations;

*Means of Assessment and Success Criteria:* Ten daily subquizzes will be given over nine class days with a 15 question “Radicals and Complex Numbers” test 5 on the tenth day at end of the chapter.

75% of the assessed students will Apply scientific notation and the use of rational exponents in simplifying, multiplying, and solving radical and complex numbers and equations at the “Acceptable” or “Exceptional” level.

*Summary of Data Collected:* 71% of 21 Spring 2007 students evaluated were assessed at the “Acceptable” or “Exceptional” level with a class average of 79%.

*Use of Results:* This SLO has room for improvement. The material is new for MA132 students. The more times the student learns the topic the better they become. The problems on the final exam relating to this SLO will be monitored to see if the student improves as more reinforcement is given throughout the semester.

#### College Algebra (MA161)

*Student Learning Outcome:* Students will find equations and graph conic sections as well as calculating centers, vertices, foci, asymptotes, eccentricities, and intercepts;

*Means of Assessment and Success Criteria:* Six daily subquizzes will be given over six class days with a 10 question “Topics in Analytic Geometry” test 5 on the seventh day at the end of the chapter.

80% of the assessed students will demonstrate the ability to find equations and graph conic sections as well as calculating centers, vertices, foci, asymptotes, eccentricities, and intercepts at the “Acceptable” or “Exceptional” level.

*Summary of Data Collected:* 64% of the 11 Summer 2008 students evaluated were assessed at the “Acceptable” or “Exceptional” level with a class average of 82%.

*Use of Results:* Three out of the four students who did not achieve the "Acceptable" level on this SLO did not do their homework for this chapter. All students who achieved the “Acceptable” or “Exceptional” level completed the homework. Perhaps the importance of doing homework needs to be emphasized for this chapter.

## **General Education**

The work of PROAC is complemented by the work of the General Education (Gen Ed) Assessment Committee, which has made considerable progress in the past three months. Since the first meeting on July 9 with Dr. Belcher of Key Trio, the Committee has completed three main tasks.

First, the Gen Ed Assessment Committee, with input from the College community, devoted several weeks composing a list of five Gen Ed SLOs. These SLOs are a stated set of learning outcomes that all NMC degree programs should meet. The final version of NMC’s Gen Ed SLOs appears below:

*Students will demonstrate the ability to:*

Gen Ed 1: Communication

Speak, read, write, and listen with comprehension, with and without the support of technology.

Gen Ed 2: Science and Mathematics

Use the basic principles of science and mathematics to solve practical and theoretical problems.

Gen Ed 3: Citizenship and Society

Act responsibly as a member of a diverse community, and interact effectively in both local and global environments.

Gen Ed 4: Humanities

Make decisions in daily life based on creative thought and ethical principles.

Gen Ed 5: Critical Thinking

Access, interpret, analyze, synthesize, and evaluate information to solve problems.

The Committee then turned its attention to the mapping of program SLOs to Gen Ed's five learning outcomes. Each academic program was asked to map its program learning outcomes to Gen Ed outcomes using a model provided by Key Trio. One example of a program mapping submission appears below:

**Program: Developmental Math**

**Curriculum Alignment  
Alignment of General Education & Program Outcomes**

	<b>Communication</b>	<b>Science &amp; Math</b>	<b>Citizenship &amp; Society</b>	<b>Humanities</b>	<b>Critical Thinking</b>
<b>1</b>		<b>X</b>			<b>x</b>
<b>2</b>		<b>X</b>			<b>x</b>
<b>3</b>		<b>X</b>			<b>x</b>

**Gen Ed Program Learning Outcomes (Institutional Outcomes)**

**Students will demonstrate the ability to:**

**Gen Ed 1: Communication**  
Speak, read, write, and listen with comprehension, with and without the support of technology.

**Gen Ed 2: Science and Mathematics**  
Use the basic principles of science and mathematics to solve practical and theoretical problems.

**Gen Ed 3: Citizenship and Society**  
Act responsibly as a member of a diverse community, and interact effectively in both local and global environments.

**Gen Ed 4: Humanities**  
Make decisions in daily life based on creative thought and ethical principles.

**Gen Ed 5: Critical Thinking**  
Access, interpret, analyze, synthesize, and evaluate information to solve problems.

**Program Outcomes:**

- 1.** Demonstrate competence in the fundamental concepts of arithmetic involving operations on whole numbers and integers.
- 2.** Demonstrate competence in the fundamental concepts of algebra involving solving single variable linear equations.
- 3.** Demonstrate competence in translating English phrases into mathematical expressions.

After examining the program mapping submissions, the Committee selected 10 courses to assess for Gen Ed alignment. These 10 courses appear below:

Gen Ed 1: Communication:

CO 210 Fundamentals of Speech Communication and EN 101 English Composition I

Gen Ed 2: Science and Math

MA 132 Intermediate Algebra and NU 207 Medical & Surgical Nursing

Gen Ed 3: Citizenship and Society

SO 297 Current Issues in the CNMI and ED 434 Social Studies in Action

Gen Ed 4: Humanities

ED 282 Multicultural Foundations NU 203 Maternity & Child Health Nursing

Gen Ed 5: Critical Thinking

EN 094 Writing and Grammar Study III and HE 150 Personal Health

The Committee is now in the process of examining the Five-Column Models and related data of the above courses for alignment with Gen Ed. The Committee begins this process with MA 132 and expects to conclude the first cycle of Gen Ed assessment prior to the beginning of the Spring 2009 semester. The results of the assessment will be used to strengthen student learning at the course, program, and institutional levels.

#### **D. Team Recommendation 5**

***The team recommends the college implement the employee evaluation processes that are in place in a timely manner in order to assure the effectiveness of its human resources and encourage improvement.***

***(Standards II.A.2.a., III.A.1., II.D., IV.A.1., IV.A.4., IV.B.)***

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On August 23, 2005, a memorandum from the President announced the implementation of the NMC employee evaluation system, following extensive deliberations by the College community.

This employee evaluation system introduced the use of nine different evaluation forms that assess the performance of employees in various categories at NMC. All evaluation instruments are comprehensive, objective and specific enough to meet the needs and goals of the College and its employees. Professionalism and professional growth, service to the students, professional competencies, skills, and service to the College and community, and program implementation are some of the elements included for evaluation in the instruments. Defining activities are outlined below each element and are used to evaluate employees in their areas of concentration and expertise. Each evaluation instrument contains a rating scale used to determine areas to be addressed, especially in connection with the employee's professional development.

In July 2007, the President initiated supervisory leadership training in the following areas: progressive discipline, EEO, sexual harassment, and understanding human resources. A three-day workshop was facilitated by HR Support CNMI from July 23 – 25, 2007.

In July 2008, SunGard Higher Education provided PowerCAMPUS software upgrade training to those employees involved with the registration process. The training included billings/cash receipts and admissions and registration. In addition, PowerFAIDS software upgrade training was also provided to the Financial Aid Office staff and partners. This training proved to be so beneficial as employees saw how the system eased their workload and made them more efficient. Most importantly, everyone learned about how easy it is to extract the data required for program review and evidence-based decision making.

Administrators, faculty and staff are evaluated annually on the anniversary date of employment. The employee's immediate supervisor evaluates the performance of each employee. It is understood that each item on the employee's evaluation form should be discussed by both parties to ensure mutual input into and benefit from the evaluation process.

The Human Resources Office continues to update its listing of all employees and sends a reminder e-mail about three months prior to the employee's anniversary date to the immediate supervisor with a cc to the President and the appropriate direct report. If the anniversary date includes the renewal of the employee's two year contract, the renewal is not processed until such time that the evaluations are completed and submitted to the Human Resources Office.

Standard e-mails are sent to the immediate supervisor of the employee and the employee, for the side-to-side or comprehensive evaluations. The immediate supervisor is then responsible for completing his/her evaluation of the employee, and that evaluation should incorporate the comments received from the employee's peers through the side-to-side evaluations. The employee and employer must then review and sign the evaluation form which then is filed in the employee's file.

The following table provides an updated summary status report of employees whose employment anniversary dates fall in financial year 2007 and status of the respective employees' evaluations as of October 5, 2007:

Total Number of Employees (Anniversary Date Calendar Year 2007 on or before 10-5-07)	106
Number of Employees whose evaluations have been completed and filed	106
Number of Employees whose evaluations are currently in progress	0

The following table provides a summary status report of employees whose anniversary dates fall in financial year 2008 and status of the respective employees' evaluations as of the date of this writing:

Total Number of Employees as of October 5, 2008	140
Number of Employees due for Evaluation (based on anniversary date) in CY2008 up to December 31, 2008	30

Overall, all evaluations are up to date and being processed on time. In addition, statistics show that more supervisors participated in the evaluation process for both years, 2007 and 2008. This success stems from the President's commitment to the evaluation process and the heightened level of awareness of the Management Team and Human Resources Office.

The evaluation forms identify areas and performance levels expected for contract continuation and professional development. Recommendations from the supervisor for professional development are included in the evaluation forms to help identify areas for improvement or growth.

The 2008 Program Review and FY2009 operations budget process revealed that training and professional development was a top priority campus-wide. Training and development were also included in the PROA-SP as a priority initiative. It was decided at Planning, Budget and Evaluation Council that all training and development would be consolidated and a technical assistance grant would be sought to fund institution-wide professional development. Funds would also be requested to hire a dedicated training specialist to handle this important endeavor.

Some of the other training that occurred during the year included:

- campus-wide EEO/sexual harassment training;
- campus-wide training on procurement rules and regulations;
- continued training on program review and assessment during professional development days for fall 2008; and
- training on travel authorizations and clearances.

***E. Team Recommendation 6***

***The college should pursue funding to renovate or replace aging buildings with facilities that are appropriate to meet the current and future needs of the college.***

***(Standards III.B.1., III.B.1.a., III.B.1.b., III.B.2., III.B.2.a., III.B.2.b., III.D.1.a., III.D.1.b., III.D.1.c.)***

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The College has demonstrated its commitment to ensuring that the physical resources, to include facilities, equipment and other assets, are improved in order to provide an environment that supports student learning. Towards this end, and as a result of the last report to the Commission, the College has:

- Secured approximately \$1.5 million to invest in facility upgrades, equipment, and long-range facility master planning;
- Worked towards ensuring that facilities, infrastructure and equipment investments and planning is tied to the financial planning and ongoing assessment plans of the College;
- Identified as well as worked towards realizing alternate funding sources through new and sustained partnerships with a) local and federal entities, b) private corporation, c) individual donors, and d) extended outreach efforts to NMC alumni and friends of the College.

The College has stepped up its efforts to hold meetings and presentations with the Governor and members of the Legislature to explain the seriousness of the Show Cause status imposed on the College by WASC in January 2008. Team Recommendations, including Team Recommendation 6 that deals with renovation or replacement of the old buildings to meet the current and future demands of the College, were the priority topics in these activities.

The facilities of the Northern Marianas College on the main campus on Saipan are the former Dr. Torres Hospital, with buildings that were constructed over 50 years ago. The buildings are in need of renovation, repair, and/or replacement as they are already old due to normal wear and tear, termite and other pest infestation, and exposure to the harsh tropical elements over the years. More importantly, the buildings, due to aging, are beginning to cost the college more money to repair and maintain them in order that they appear clean, attractive, safe, ADA and OSHA compliant, and suitable for a college environment. The land and facilities at the Saipan campus are deeded to the college.

The two smaller instructional sites on Rota and Tinian, however, have facilities that are fairly new and recently constructed with buildings that are typhoon-resistant. The lands and buildings at these instructional sites are owned by the Island Mayor's Office, and are operated and maintained by the college. In view of the fairly recent and good condition of the facilities at these two instructional sites on Rota and Tinian, the consultation meetings with the Governor and the Legislature on Team Recommendation 6 and the funding needs of the College focused on the needs of the Saipan campus facilities.

The Legislature, in recognizing the important role of the College in workforce development, pledged their support and passed House Bill 16-31. This bill appropriated \$1,500,000 "to

assist the College with facility improvement and repair needs and development of a master plan and A&E design for a new campus.” Although this bill passed the Legislature, the Governor in his veto message, pointed out that the revenue sources identified in the bill are already allocated for the construction of two visitors’ attraction sites. These projects are considered as economic development projects as they are intended to raise revenues by assessing a visitor’s fee to the tourists. These types of projects are considered priority in light of the poor economic conditions of the Commonwealth.

The President received assurance from the Governor that he would help the College obtain funding for its short-term renovation and repair needs. To this end, the Governor approved a reprogramming for this purpose. The Governor also pledged to assist the College with its long-term capital project needs, and discuss possible options and funding schemes with the President.

In July this year, the College submitted a list of capital projects, and requested approximately \$1.4 million in reprogrammed CIP funding from the Office of the Governor/Office of Capital Improvement Programs. Of this total, \$800,000 was approved by the Governor, and the College prepared a revised project priority listing and submitted a CIP application package to the Governor’s Office of Capital Improvement Programs.

In early September, the College received a call from the Office of the Governor/Office of Capital Improvement Programs that USDOI/OIA has approved the reprogramming request of the Governor, including the \$800,000 for the College. At the time of this writing, the College is preparing the documentations that comply with the National Environmental Policy Act (NEPA) and other applicable federal environmental laws and regulations to be submitted to USDOI/OIA. These must be accepted by USDOI/OIA before the funds can be released to the College.

Meanwhile the College continues its aggressive exploration of other possible funding sources, and sought assistance from the Office of the CNMI Washington Resident Representative to the United States who ensured that the College would receive funding from the federalization of CNMI immigration for workforce development.

### **Capital Improvement Projects – (\$800,000)**

The following projects are funded:

#### ***1. Total roof replacement and repair of electrical wiring system in the attic space - Buildings: A, B, C, D, E, F, G, H, I, J, K, and R (\$665,300)***

Building A: This building is used primarily for instruction, and houses the greatest number of classrooms on campus. A total of 12 classrooms are housed in this building. Several years ago, the rusty and worn out tin roof of this building was replaced using the same materials. Some of the tin got blown off during the last couple of typhoons, and since the College did not have the funds to replace the entire roof, the remaining tin that was already twisted by the strong winds was smoothed

back to its original shape as much as possible, and reused. It is suspected that there may be some structural damage to the layout of the tin as water seepage is causing discoloration and water damage to the ceiling tiles that cause mold and mildew to thrive, creating a musty smell in the building.

**Buildings B & C:** Building B is the Science Laboratory building that supports the science courses offered to students. The roof is old, and during heavy rains, there are reports of water drips and leaks.

Building C houses the Nursing Department. Faculty offices are located in this building, as well as a nursing lab and a classroom. The roof replacement will resolve the water leaks and seepage problems and protect the equipment and other contents that are housed/stored in these buildings.

**Buildings D & E:** Building D houses room D-1, the largest classroom on campus which is used for holding meetings, forums, assemblies, and presentations by the College community. It is frequently rented out to government offices or other entities to hold classes, training, and workshops.

Building E is the site for the College Bookstore. Water leaks from the ceiling are especially bad during heavy rains and during the rainy season. The staff is often forced to rearrange location of the inventory to avoid water damage. Patchwork has been used to mitigate the leaks.

**Buildings F & G:** Building F is home for the Cooperative Research, Education and Extension Services (CREES), formerly known as Land Grant. It is primarily used for administrative offices but also has a storage facility for the supplies and materials used in experiments and research work by the scientists. Recently, water damage is beginning to appear on furniture, fixtures, equipment and other goods that are in the building.

Building G houses additional CREES professional staff offices as well as an expanded research lab. CREES shares this building with the Adult Basic and Family Literacy Office. Both have offices for staff and faculty, and have expensive equipment for research and administrative use. In addition, ABE controls its own inventory of instructional textbooks and workbooks for the ABE students, and the inventory is also housed in this building.

**Buildings H & I:** Building H is where the College Snack Bar is housed. Water leaks have seeped through the ceiling tiles and created damage and discoloration.

Building I is the location for the Counseling Programs and Services, which houses offices for the counselors and a drop-in center for students who are seeking assistance. This building also houses the Career, Testing and Placement Center and the Educational Talent Search program, with spaces for staff and faculty offices, a conference room, and two computer labs.

Both buildings need to have the roofs replaced to prevent more water damage that may ruin expensive equipment, furniture and fixtures in these buildings. Getting these roofs replaced would prevent potential costly damage and save the College from spending its resources to replace these items.

Buildings J & K: Building J houses the Student Center, the Associated Students of the Northern Marianas College Offices, the Office of Student Activities and Leadership, Learning and Computer Labs for the Upward Bound and Student Support Services, and administrative and counseling staff offices for UB and SSS. The roofing materials have deteriorated due to many factors, including exposure to the tropical weather, and need to be replaced.

Building K is the location for the two Adult Basic Education classrooms, and also office space for faculty offices (Sciences, Math, Health and Athletics Department and the Social Sciences and Fine Arts Department). The building experiences similar water leakage and seepage problems during rain.

Building R: This building is located on the upper north side of the campus, and is constructed as a Samoan type dwelling. It was originally scheduled to undergo a major renovation, including a complete changeover of its roof. Unfortunately, this plan was scrapped when the \$250,000 loan funds ran out. The building did go through a minor repair job that was necessary to plug up the seams on the roof section where the water collects and drips into the interior part of the building. Several exterior walls were also replaced. The building is still functional and is used for holding art classes.

The total roof replacement will solve the water leakage problems, restore building R to a more conducive classroom setting, and the new roof will be uniform with the other buildings in the same area.

## ***2. Roof Seal - Buildings N and W (\$50,000)***

Building N houses the Information Technology Department and NMC's computer information network, the Office of Admissions and Records, the Finance Office, the Financial Aid Office, the Distance Education VTC classroom, the Office of Institutional Advancement/Marketing and Public Relations, and the KRNM public radio station. The roof is constructed with concrete slabs that are put together and sealed at the joints. The sealant materials need to be replaced as water leaks have been detected. Water damage is visible on the walls and in some sections of the ceiling tiles.

Building W houses the four (4) computer labs, which are used for computer classes. Water leaks have also been reported during heavy rain.

### ***3. Roof Seal and Access Ladder - Gymnasium (\$42,200)***

The gymnasium, constructed with funds received from the Community Development Block Grant program several years ago, is shared with the neighboring communities of As Terlaje, Fina Sisu, San Vicente and Dan Dan. Water leaks are detected as coming from the roof, but there is no access ladder available for the maintenance personnel to climb to the top of the roof for regular maintenance inspection and repairs.

Once the entire roof is coated with a sealant material, it is expected that there will be no reports of water leaks. The wooden floors, expensive exercise machines, and other sports equipment will be protected.

### ***4. Exterior Wall Repair and Exterior Door Replacement - Building V (\$42,500)***

Building V is made up of pre-fabricated tin materials. The building houses the Business Department faculty offices, several classrooms, the Information Technology Department administrative offices, and for storing vocational trade heavy duty construction equipment. The exterior walls, especially the seams between the lower sections of the tin walls and the sidewalks, have rusted and the tin materials have rotten out in some sections. The heavy exterior doors all need to be replaced.

## **Other Renovation and Reconstruction**

In its last progress report, the College reported that it received a short-term commercial loan for \$250,000 and that it pledged the total use of this money for renovation and repair of the buildings. The funds have been exhausted and the following projects completed:

*Building M* - In the last progress report, the renovation of Building M was scheduled to begin in October 2007 with a completion date scheduled for December 2007. Although renovation began as planned, the completion date was delayed due to change orders requested by the College. The building was completed this month, October 2008. The project went through a safety inspection, and a Certificate for Occupancy was issued to the College by the Department of Public Works.

Building M is ready for occupancy and will be the new location for the Languages and Humanities Department (currently housed in Building X that is scheduled to be torn down due to structural damage caused by termites and other pests). Building M has adequate space for 17 faculty offices, a conference room, two administrative offices, a copy center, 2 classrooms and 2 labs (a computer and a listening), a receiving dock, an ADA compliant ramp at the entrance, and restroom facilities. At the request of the President, the College received **\$100,870** from the NMC Foundation to be used to purchase collateral equipment, including computers for the computer/listening labs. *The funding need was identified in the Program Review and was established as an institutional priority. This institutional priority was linked with planning and budgeting for resource allocation in the FY 2009 Operations budget.*

*Building Q* – had serious roof damage caused by termites. The entire roof was removed and replaced with tin materials, and the walls were knocked down and rebuilt. The interior was partitioned to provide 3 new classrooms that are dedicated for the School of Education classes, plus restroom facilities and storage space. The School of Education began to hold classes in Building Q in Spring 2008.

*Building L* – The renovation work on this building was completed towards the end of Spring 2008 and houses the Procurement and Maintenance functions. The project began with funds received from the Federal Emergency Management Agency (FEMA). The roof sustained heavy damage in a typhoon several years ago. Operations funds were used to complete the renovation, and today Building L has five offices and a large conference room on the second floor. The first floor has a large receiving, processing, and storage area for incoming college purchases. The first floor also provides a small facilities maintenance work area for the maintenance staff. The Procurement staff moved into their new spacious offices in early Summer 2008.

*Building O* – The Library went through a remodeling by breaking down a wall and adding an extra glass door, repainting of the interior and exterior walls of the building, replacing the wooden bookcases with metal ones, and cleaning up the area between the regular library collection and the Pacific collection. A rededication of the Olympio T. Borja Library was held after the renovation in Spring 2008.

*Building S* – The renovation was completed in Fall 2008. The entire building was gutted and the entire roof was replaced, giving the formerly Samoan type dwelling a totally new facelift. Building S is now the new site for the Curriculum Resource Center. The CRC was formerly using one of the classrooms in Building A. Having the CRC relocate to Building S added another classroom space in Building A and is being used as a general classroom.

*ADA Compliant Walkways S* – A walkthrough to assess areas of the Saipan campus for ADA compliance was conducted by an ADA expert from the Office of the Governor. The Facilities Maintenance Manager participated in the ADA assessment, and as a result, the walkways between Buildings M and P have been expanded and resurfaced to comply with ADA and OSHA requirements. As funds are identified, the remaining areas of campus will be addressed to bring the College into full ADA and also OSHA compliance.

### **New NMC CREES Structures Funded by U.S. Department of Agriculture grants**

The following CREES facility improvement projects were completed or are almost complete:

- A Plant Pathology Laboratory for tissue culture was completed at the Saipan Campus in Spring 2008. This research lab is adjacent to the ABE Office in Building G.
- A 17,000-gallon water catchment for research and experiment was completed at the As Perdido Research Facility in Spring 2008.
- A Plant Nursery with a complete irrigation system, was constructed at the Rota instructional site in Spring 2008

- An existing tank located at the Saipan Campus, expanded to a 10,000-gallon capacity, for research in milkfish production was completed Fall 2008.
- A nursery facility for banana research was completed at the As Perdido Research Facility in Spring 2008. The facility was expanded and upgraded this Fall 2008.
- A Micro-irrigation system was completed at the As Perdido Research Facility in Fall 2008.
- A Tire Bath facility for pathogen disinfection was completed at the Saipan Campus in Fall 2008.
- A new 100,000-gallon Aquaculture Tank for a grouper fish production research work is nearing completion at the Saipan Campus. This project is scheduled for completion this Fall 2008.

### **Other funding received by the college for facility improvements**

In light of the current financial constraints of the CNMI due to a bad economy, the College continues to identify and explore possible funding assistance from external funding sources. The College was able to secure two additional discretionary grants from the USDOJ/OIA for the following projects:

On March 6, 2008, the College was awarded \$417,166 for a project entitled “*NMC Information Network Upgrade and Staff/Student Training*”, including **\$399,166** for purchase of Information Technology equipment and materials.

In compliance with the NMC procurement regulations, the bidding process was completed, the vendor selected, and the contract signed for procurement of the equipment and materials, installation of the upgrade of the network, and staff/student training on network administration and maintenance.

It is anticipated that upon completion of the project, the NMC Information Technology and computer network system will be restored to the level of an educational asset that is capable of supporting academic and administrative needs.

On April 14, 2008, the College was awarded \$375,000 for a project entitled “*NMC Accreditation Reaffirmation Plan*”. Of this total, **\$225,000** is earmarked for the development of a Facilities Master Plan, including an assessment of the conditions and a short-term maintenance plan for all NMC buildings, identification of which buildings may be retained or demolished, recommendations and funding strategy for a long-term plan for new buildings and maintenance of existing buildings. The College will use the Facilities Master Plan as a bankable document to seek and secure funding from the Legislature and other sources.

The release of the RFP for the Facilities Master Plan was coordinated with the College systematic process for Program Review and Evaluation, and as scheduled in the NMC Accreditation Compliance Action Plan. The RFP for the Facilities Master Plan will be finalized and released no later than November 2008 and facilities master plan will begin immediately thereafter.

## **Other Assistance from Partners**

The College continues to build partnerships and has successfully received assistance and in-kind support from both government and private businesses in its efforts for facilities improvement:

### Government

- Preliminary assessment of building conditions (Department of Public Works)
- Development of Scope of Work and Costs Estimate (Department of Public Works)
- Facilities Safety Inspection (Department of Public Works)
- Electrical Wiring Inspection for National Electric Code compliance (Commonwealth Utilities Corporation)
- Campus Assessment for ADA Compliance (Office of the Governor)
- Road Resurfacing (Office of the Saipan Mayor)
- Ponding Basin repair (Department of Public Works)
- Survey and quotation for campus road paving (DPW and Hawaiian Rock)

### Private Business (Educational Tax Credits)

- Engineering Services for clearance on developed Scope of Work by DPW (H.B. Cabrera & Associates)
- Monetary Donation for the Library (Olympio T. Borja Family)
- Monetary Donation for the Library (Bank of Guam)
- Monetary Donation to the College (Mobil)

## **Anticipated Additional Funding**

The College is maintaining communication with the Legislature on its funding needs for short-term and long-term facilities improvement. The following bills totaling **\$155,000** have been introduced in the Legislature and, if enacted into law, would appropriate additional funding for the college for building improvement and renovation:

- House Local Bill No. 16-18 was pre-filed on July 18, 2008, with an appropriation of \$130,000 for NMC's building improvements and operations.
- House Bill No. 16-171 was passed on September 03, 2008, appropriating \$25,000 to renovate the NMC Bookstore.

## **Additional Plans to Ensure Compliance with Commission Standards, Eligibility Requirements and Policies**

The College is poised to prepare an updated Facilities Master Plan that is linked to the PROA Strategic Educational Master Plan and the 2008 Program Review and Assessment Composite Report. The last NMC Saipan Campus Master Plan produced was in March 1993.

The updated Facilities Master Plan will be used as a bankable document for discussion with potential funding sources. The College will continue to work with the Office of the Governor and the Legislature to pursue long-term capital improvement projects as stated in Goal 4 of

the PROA Strategic Educational Master Plan, and to comply with Commission Standards, Eligibility Requirements and Policies.

The college administration will also continue to closely monitor grant opportunities and prepare applications to leverage federal funds available for facilities and technology infrastructure development.

## **F. Eligibility Requirement #5 Administrative Capacity**

*The institution has sufficient staff, with appropriate preparation and experience to provide the administrative services necessary to support its mission and purpose.*

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The College has made substantial progress in addressing administrative capacity since the October 15, 2007 progress report. Recruitment processes have been expedited as much as possible to avoid or limit “acting” appointments.

In the past, the practice was to wait for a position to vacate, appoint an “acting” and then announce the position. Since 2007, the president has implemented a new procedure in which positions are announced as soon as they are vacated or shortly after a resignation or retirement request is received. This process allows for the position to be filled more quickly than in the past.

The College has also made great strides in identifying and budgeting for critical positions that are new or have not been filled for some time. These positions were considered critical for the work required to come into compliance with accreditation standards. They are: Career Office Manager, Student Activities Coordinator, Enrollment Manager, Program Coordinator for the Office of Institutional Effectiveness, and Database Administrator.

The College’s progress with Eligibility Requirement #5 is detailed below.

### **Dean of Academic Programs and Services**

Mr. Danny Wyatt resigned in February 2008. The position was announced (VA# 08-030) on February 2, 2008 and closed on February 22, 2008. The position was kept open in an effort to attract more candidates. Interviews were conducted during the week of May 2, 2008. Dr. Debra Cabrera was selected as the Dean of Academic Programs & Services and assumed her duties on May 19, 2008.

### **Accreditation Liaison Officer**

Dr. Debra Cabrera is the College’s Accreditation Liaison Officer for the Accrediting Commission for Community and Junior Colleges (ACCJC) and the Accrediting Commission for Senior Colleges and Universities (ACSCU). She was appointed by the President on May 21, 2007.

### **Chief Accountant**

Ms. Solita Barnes was selected as Chief Accountant and assumed the duties on April 2, 2007.

### **Human Resources Manager**

Ms. Michele Joab was selected as Human Resources Manager and assumed the duties on June 20, 2007.

**Director of Information Technology**

Mr. Adrian Atalig was selected as the Director of Information Technology and assumed the duties on July 23, 2007.

**Director of Library Programs and Services**

Dr. Melissa Taitano assumed the duties of Director of Library Programs & Services on November 29, 2007. Four months later she resigned due to humanitarian reasons and the position was announced on February 29, 2008 (VA# 08-036) and closed on March 15, 2008. The announcement was kept open "until filled" as no qualified individuals applied. The vacancy announcement was later closed for application screening and interviews were conducted during the week of August 18, 2008. Mr. Martin Gerbens was selected and will assume the duties on October 27, 2008.

**Director of Admissions and Records**

Ms. Cynthia Deleon Guerrero was hired on October 29, 2007 and resigned on March 10, 2008 to assume the position of Director of the School of Education. The position was announced (VA#08-035) on February 29, 2008 and closed on March 15, 2008. Interviews for the position were conducted during the week of April 7, 2008. Ms. Rosaline Cepeda was selected as the Director of Admissions and Records and assumed the duties on May 5, 2008.

**Dean of Community Programs and Services**

Ms. Felicitas Abraham was selected as the Dean of Community Programs & Services and assumed the duties on July 30, 2007

**Maintenance Manager**

The position was announced (VA# 08-004) on October 18, 2007 and closed on November 1, 2007. Interviews were conducted during the week of December 10, 2007. Mr. Alfred Charfauros was selected as the Maintenance Manager and assumed the duties on December 24, 2007.

**Update on Other Critical Positions:****Academic Librarian**

Mr. Van Rider was selected as the Academic Librarian and assumed the post on June 7, 2007. Due to personal reasons, Mr. Van Rider submitted his resignation letter on June 3, 2008 to be effective on July 3, 2008. The position was announced on June 23, 2008 (VA #08-045) and closed on July 8, 2008. The position is currently open "until filled" in order to obtain a wider pool of candidates.

**Librarian (Curriculum Resources Center)**

On December 1, 2007 the Director of Library Programs & Services requested that this position be cancelled. Dr. Melissa Taitano re-evaluated the needs of the Curriculum Resource Center and determined that the functions would best be performed by a Program Coordinator. A new vacancy was announced on January 2, 2008 (VA# 08-027) and closed on January 16, 2008. Interviews were conducted during the week of

January 23, 2008. Mr. Gregorio Sablan was selected as the Program Coordinator and assumed the duties on February 4, 2008.

**Director of Counseling Programs and Services**

Mr. Leo Pangelinan was selected as the Director of Counseling Programs & Services and assumed the duties on July 30, 2007.

**Registrar**

When the Registrar, Ms. Rosaline Cepeda, assumed the duties of the Director of the Office of Admissions and Records on May 8, 2008, the position was then announced on May 23, 2008 and closed on June 7, 2008 (VA# 08-039). Interviews were scheduled but the applicant withdrew on the day of the interview. It was kept open until filled and a second interview was done during the week of September 26, 2008. Ms. Velma Sanchez was selected and she assumed the duties on October 6, 2008.

**Director of Institutional Effectiveness**

Mr. Robert Churney resigned from the position effective July 27, 2007. The position was announced and advertised on June 29, 2007 (VA-07-038). In order to get a better pool of applicants, the President requested a salary increase from the Planning, Budgeting, and Evaluation Committee (PBEC) and it was approved. The position was re-announced on January 16, 2008 to reflect the salary changes. On February 1, 2008, interviews were conducted. Mr. William Castro was selected and he assumed the duties on February 29, 2008.

**Chief Financial & Administrative Officer**

Mr. Raaj Kurapati's last day in this position at NMC was June 30, 2008. This position was announced on June 11, 2008 (VA# 08-041) and closed on June 26, 2008. The position was kept open "until filled" in order to obtain a wider pool of candidates. Ms. Marylou Ada was hired on June 18, 2008 as Interim CFAO. However, because she was a CNMI retiree, her term ended on August 18, 2008. Mr. Martin Mendiola, Program Coordinator for the NMC Rota Instructional Site was then selected to be Acting CFAO from September 2, 2008 until the positions is filled.

**New Critical Positions:**

**Career Office Manager (VA# 08-053)**

This position was announced on August 18, 2008 and closed on August 31, 2008. Interviews were conducted and a candidate was selected for the position. Filling this position is currently pending offer acceptance from the candidate.

**Student Activities Coordinator (VA# 08-054)**

This position was announced on August 18, 2008 and closed on August 31, 2008. Because there were no qualified applicants it was decided to keep the position open to gain a wider pool of applicants.

**Enrollment Manager (VA# 08-062)**

This position was announced on September 3, 2008 and closed on September 18, 2008. Interviews were conducted during the week of October 1, 2008. The committee had recommended to re-announce the position to gain a wider pool of applicants. The position was re-announced on October 10, 2008 and is open “until filled.”

**Program Coordinator for Institutional Effectiveness (VA# 08-056)**

This position was announced on August 25, 2008 and closed on September 9, 2008. Interviews were conducted and Mr. Keane Jay Palacios was selected and will assume the duties on October 20, 2008.

**Database Administrator (VA# 08-061)**

This position was announced on September 3, 2008 and closed on September 18, 2008. Because there were no qualified applications received, it was kept open “until filled” in order to gain a wider pool of applicants.

**Update on Faculty Positions:**

**Instructor, School of Education (VA# 07-035)**

The position was announced on June 15, 2007. The position remained open until filled to gain a wider pool of applicants. It was re-announced on January 16, 2008 and Ms. Joylene Limes assumed the duties on February 25, 2008.

**Instructor, Nursing (VA# 07-037)(2 positions)**

The position was announced on June 15, 2007. It remained open until filled to gain a wider pool of applicants. On January 7, 2008, Mr. John Cox and Ms. Pasquana Calvo assumed their duties.

**Director, School of Education (VA# 07-045)**

The position was announced on November 28, 2007. The position remained open until filled to gain a wider pool of applicants. It was re-announced on January 16, 2008. Interviews were conducted. Ms. Cynthia Deleon Guerrero was selected and assumed the duties as Director of the School of Education on March 10, 2008.

**Instructor, Education (VA# 08-002)**

The position was announced on October 4, 2007. It remained open to gain a wider pool of applicants. Interviews were conducted on April 22, 2008 and Ms. Velma Deleon Guerrero was selected to assume the duties on August 4, 2008.

**Instructor, English (VA# 08-003)**

The position was announced on October 16, 2007 and closed on October 30, 2007. Interviews were conducted and Mr. Robert Armstrong was selected to assume the duties on January 15, 2008.

**Director, Rehabilitation and Human Services (VA# 08-005)**

The position was announced on October 18, 2007. Ms. Melena Slaven was selected and assumed the duties on December 3, 2007.

**Instructor, Physical Sciences (VA# 08-007)**

The position was announced on October 19, 2007 and closed on November 7, 2007. The position was kept open until filled to gain a wider pool of applicants. Interviews were conducted during the week of July 1, 2008. The President has selected Mr. So Gu Kim. However, his hiring is pending the completion of background checks.

**Instructor, Medical Health Sciences (VA#08-013)**

The position was announced on November 2, 2007 and closed on November 16, 2007. Interviews were conducted and Dr. Elena Alexandrova was selected and assumed the duties on December 24, 2007.

**Instructor, Social Sciences (VA# 08-020)**

The position was announced on December 24, 2007. It was kept open until filled to gain a wider pool of applicants. Interviews were conducted on May 28, 2008 and Mr. Mike McNair was selected to assume the duties in the Fall 2008 semester. Unfortunately, Mr. McNair emailed on July 7, 2008 that he had decided to take another position elsewhere. The vacancy was then re-announced and will remain open until filled for the Spring 2009 semester.

**Instructor, English (VA#08-021)(2 positions)**

The position was announced on December 24, 2007. Interviews were conducted for both positions. Mr. Barry Wicksman was selected and assumed the duties on February 4, 2008. Mrs. Poonsri Algaier was also selected and assumed the duties on February 24, 2008.

**Instructor, Psychology (VA#08-040)**

The position was announced on May 30, 2008. Interviews were conducted on July 25, 2008. The selection committee recommended that the position be re-announced to obtain a wider pool of candidates. The position was re-announced on August 5, 2008 and will remain open until filled for the spring 2009 semester.

**Instructor, Languages & Humanities (VA#08-043)**

The position was announced on June 11, 2008. Mr. Thomas Colton was selected and assumed the duties on August 11, 2008.

**Instructor, Health & PE (VA#08-048)**

The position was announced on July 31, 2008. It was decided to keep the position open until filled to gain a wider pool of applicants. Because the application pool has grown, the position is now going through the screening and evaluation process before interviews, which will be scheduled in November 2008.

**Instructor/Coordinator Criminal Justice (VA# 08-050)**

The position was announced on August 4, 2008. Interviews were conducted on September 4, 2008. Ms. Judy Torres was selected and assumed the duties on October 6, 2008.

**Instructor, Nursing (VA#08-051) (2 positions)**

The position was announced on August 4, 2008. Interviews were conducted. Mr. Johnny Aldan was selected and will assume the duties on November 3, 2008. The remaining position will be kept open until filled to gain a wider pool of applicants.

**Instructor, Mathematics (VA#08-052)**

The position was announced on August 18, 2008. The department decided to re-announce the position on September 12, 2008 and keep it open until filled. The applicant pool has expanded and it is currently closed for screening for eligibility.

### III. Responses to 2007 External Audit Findings

Northern Marianas College

INDEPENDENT AUDITOR'S REPORTS ON  
INTERNAL CONTROL AND ON COMPLIANCE

Year Ended September 30, 2007

Financial Statement Findings  
Federal Awards Findings and Questioned Costs  
Report of Corrective Action  
*as of September 30, 2008*

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<b>FINANCIAL STATEMENT FINDINGS</b>
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**Expenditures**

**Finding No. 2007-1**

Criteria: An effective system of internal control includes policies and procedures to ensure that expenses are recorded in the appropriate period. Further, expenditures should be authorized, supported and approved prior to incurrence.

Condition: Our examination of expenditures indicated the following:

- Nine expenditures totaling \$94,448 were not recorded in the period incurred. These are as follows:

<u>Document Number</u>	<u>General Ledger Amount</u>	<u>Amount Recorded In Incorrect Period</u>
CR-113297	\$ 49,559	\$ 49,559
PS-2956jul07	25,000	25,000
PO-110663	6,845	738
PO-110733	6,547	6,547
32156	4,600	4,600
CR-113018	3,949	1,974
100233549	2,768	2,768
1015	2,748	976
34151488001	<u>2,286</u>	<u>2,286</u>
	<u>\$ 104,302</u>	<u>\$ 94,448</u>

- Pertinent documents such as contracts or invoice, to support incurrence of expenditure for seven items (Document Nos. AJE-7, 1074, PS-060010-1, MLSS-047-07, PS-2956ju107, CR-111872 and 27105) were not provided for examination.

Cause: The cause of the above condition is the lack of appropriate cut-off procedures and controls over expenditures.

Effect: The effect of the above condition is the misstatement of expenditures and liabilities and possible unauthorized expenditures.

Recommendation: We recommend that the College implement appropriate policies and procedures to ensure recording of expenditures in the appropriate period. Further, we recommend that the College ensure that pertinent documents supporting program expenditures are properly maintained and filed.

Auditee Response and Corrective Action Plan:

We partially agree with this finding. Generally items are recorded as expenses when paid and at times such items are not received or services rendered are not completed until after the end of the financial year. We agree that reclassification adjustments were not made to reflect items which were either received subsequent to the end of the financial year or where goods were not rendered until the next financial period. The College will review inter-period transactions and make appropriate reclassifications at the end of each fiscal period.

Corrective Action as of September 30, 2008:

The College will strictly follow procedures to ensure recording of expenditures in the appropriate period. For year ending September 30, 2008, all reclassification of expenses will be completed and recorded in the current financial period.

Receivables

Finding No. 2007-02

Criteria: Receivables should be periodically assessed for validity and collectibility. Additionally, through this review process, the adequacy of the allowance for doubtful accounts should be assessed and collection efforts pursued.

Condition: Our examination of the College's receivables indicated the following:

- Various receivables have been outstanding since 1999 to 2006 amounting to approximately \$2,100,000.
- The aging schedule indicated various credit balances which made it difficult to assess current and past due accounts.
- An analysis of the allowance for doubtful accounts was not performed during the fiscal year 2007. An audit adjustment was proposed as a result of our analysis.

Cause: The cause of the above condition is the lack of procedures in place to monitor and analyze receivables.

Effect: The effect of the above condition is that the College's receivables are not being collected in a timely manner. Further, interim financial statements are misstated due to inadequate provision for doubtful receivables.

Recommendation: We recommend that the College implement procedures requiring periodic review of all receivables for validity and collectibility. Accounts determined to be uncollectible should be written-off. This process should also address the adequacy of the related allowance for doubtful accounts.

Prior Year Status: Lack of review of receivable balances for validity and collectibility was reported as a finding in the audits of the College for fiscal years 2001 through 2006.

Auditee Response and Corrective Action Plan:

We disagree with this finding. The College conducted an extensive exercise to review and write off balances outstanding since 1999 which were deemed uncollectible. Approximately \$1.6 million dollars in undocumented or unsupported balances were removed from the financial statements as a result. The proposed level of allowance for FY2007 appears to be excessive based on the College's experience. However, due to time constraints, the College has agreed to accept the auditors' report and finding and intends to conduct a thorough review of its allowance of doubtful account and make appropriate adjustments in FY2008.

**Corrective Action as of September 30, 2008:**

The College will begin reviewing receivables for collectability on a monthly basis. Additionally, the College will implement a procedure to reserve a percentage of receivables based on days in the aging schedule and to turn over collection responsibilities to attorneys after all collection efforts have failed.

**Investments**

**Finding No. 2007-3**

Criteria: Investments should be recorded at fair value and investment activities should be accounted for in the general ledger.

Condition: The College did not record investment activities in the general ledger totaling \$511,650.

Cause: The cause of the above condition is lack of adequate personnel to perform record keeping.

Effect: The effect of the above condition is the misstatement of investment balances. An audit adjustment was proposed to correct this condition.

Recommendation: We recommend that the College record investment activities in the general ledger.

Auditee Response and Corrective Action Plan:

We agree with this finding. The College will make appropriate adjustments to the investment balances periodically to record any appreciation or depreciation in such. This was not done as of September 30, 2007 but the financial statements now correctly reflect the investment balances as of at date.

**Corrective Action as of September 30, 2008:**

Adjustments for investment performance shall be recorded on a monthly basis and at financial year end.

## **Inventory**

### **Finding No. 2007-4**

**Criteria:** Physical inventory procedures should be established and variances between the general ledger and the subsidiary ledger should be investigated and reconciled in a timely manner. The subsidiary ledger should reflect accurate information as to quantity and cost. Further, costs in the subsidiary ledger should be based on underlying invoices.

**Condition:** Our tests of inventory noted the following:

- Inventories included negative balances amounting to \$7,810.
- Variances were noted in quantities between year-end inventory test counts and the final inventory valuation report for two items.
- Two saleable items and one used item had zero average unit cost in the final inventory valuation report. Further, one inventory item has an erroneous unit cost resulting in overstatement of inventory of approximately \$198,000. This condition was corrected through a proposed audit adjustment.
- The supporting vendor invoices for two items could not be located. Further, unit costs in the final inventory valuation report differed from underlying invoices for five items.

**Cause:** The cause of the above condition is weak internal controls over inventories.

**Effect:** The effect of the above condition is misstatement of inventory balances.

**Recommendation:** We recommend that the College establish adequate internal control procedures over inventory. We further recommend that the College ensure that inventories are properly valued and reconciled with physical counts in a timely basis.

**Prior Year Status:** Lack of internal controls over inventories was reported as a finding in the audit of the College for fiscal year 2006.

#### **Auditee Response and Corrective Action Plan:**

We agree with this finding. Although, measurable progress has been made in the addressing the issue with inventory at the Bookstore, the issues noted in the finding continue to exist. It is noted however, again that in prior years the auditors' opinion has been qualified relative to inventory balances and as such the condition has improved significantly. We expect full resolution of all issues in FY2008.

#### **Corrective Action as of September 30, 2008:**

Bookstore has completed a detailed and accurate accounting of inventory and physical counts as of September 30 and appropriate adjustments will be made. The entire staff has been fully trained and procedures have been adopted (see Exhibit A).

<b>FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS</b>
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**Allowable Costs/Cost Principles**

**Finding No. 2007-5**

Criteria: Expenditures should be authorized, supported and approved prior to incurrence.

Condition: Of \$441,629 nonpayroll expenditures, thirty-two items, totaling \$211,959 were tested. The following were noted during our testing:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• For one disbursement (Document No. SC00462688) amounting to \$1,391, there was no evidence of receipt for one item amounting to \$170.</li> <li>• For one disbursement (Document No. PO-109666) amounting to \$1,085, the supporting purchase order date was later than the invoice date. Further, there was no evidence of receipt of items.</li> <li>• For one travel expense (Document No. A-102579) amounting to \$2,803, boarding passes, trip report, supporting receipts and other travel related documents could not be provided.</li> <li>• For one disbursement (Document No. PO-110305) amounting to \$4,314, items purchased have not been received to date.</li> <li>• For two disbursements (Document Nos. PO-110288 and PO-110512) totaling \$5,236, the supporting invoice could not be located and there was no evidence of actual date of receipt of services or items purchased.</li> <li>• For two telephone expenses (Document Nos. 287-0552jul07 and 287-0552jun07) totaling \$3,319, log sheets to monitor names of persons or companies and dates when long distance cell phone calls are made were not available. Thus, there is no evidence that these long distance calls are reasonable and necessary for the program.</li> <li>• For three employees, actual hours worked in the timesheet did not substantiate the salaries charged to the program by \$971.</li> </ul> | <p>65</p> <p>1,085</p> <p>2,803</p> <p>4,314</p> <p>5,236</p> <p>3,319</p> <p><u>971</u></p> <p><u>17,793</u></p> |
|--|---|

Cause: The causes of the above conditions are failure to obtain appropriate approval prior to incurring expenditures and failure to submit all supporting documents for filing.

Effect: The effects of the above conditions are the use of federal funds for unauthorized and unsupported expenditures and questioned costs of \$17,793.

Recommendation: We recommend that the College strengthen procedures to ensure that appropriate approvals are obtained for program expenditures prior to incurrence and payment. Further, we recommend that the College ensure that pertinent documents supporting program expenditures are properly maintained and filed.

Auditee Response and Corrective Action Plan:

We disagree with this finding. Although some of the items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency to resolve this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**Allowable Costs/Cost Principles**

**Finding No. 2007-6**

Criteria: Expenditures should be authorized, supported and approved prior to incurrence.

Condition: Of \$380,249 nonpayroll expenditures, thirty-five items, totaling \$52,557 were tested. The following were noted during our testing:

- For one disbursement (Document No. 1081), the supporting invoice was dated earlier than the purchase order, thus, it appears that approval was not obtained prior to incurrence of expenditure. 3,500
  - For one travel expense (Document No. A-101724) amounting to \$2,570, the supporting invoice for airfare could not be provided. Further, the related affidavit of lost documents was dated earlier than the travel period. There was also no evidence of approval on the trip report by the division head. 2,570
  - For one disbursement (Document No. CR-111931) totaling \$2,000, a supporting purchase order and contract were not made available and there was no evidence of the actual date of receipt of services or items purchased. 2,000
  - For one disbursement (Document No. PO-110512) totaling \$1,915, a supporting invoice was not made available and there was no evidence of the actual date of receipt of services or items purchased. 1,915
  - For five employees, actual hours worked per the timesheet did not substantiate the salaries charged to the program by \$1,889. 1,889
  - For one employee, the salary in the personnel action form did not agree with the salary rate per the payroll system resulting in overpayment of \$580. 580
- 12,454

Cause: The causes of the above conditions are failure to obtain appropriate approval prior to incurring expenditures and failure to submit all supporting documents for filing.

Effect: The effects of the above conditions are the use of federal funds for unauthorized and unsupported expenditures and questioned costs of \$12,454.

Recommendation: We recommend that the College strengthen procedures to ensure that appropriate approvals are obtained for program expenditures prior to incurrence and payment. Further, we recommend that the College ensure that pertinent documents supporting program expenditures are properly maintained and filed.

Auditee Response and Corrective Action Plan:

We disagree with this finding. Although some of the items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency to resolve this finding. Further the College does not agree with the auditors conclusions on some of the items noted in the finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

Corrective Action as of September 30, 2008:

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

Allowable Costs/Cost Principles

Finding No. 2007-7

Criteria: Expenditures should be authorized, supported and approved prior to incurrence.

Condition: Of \$256,143 nonpayroll expenditures, twenty-six items, totaling \$120,268 were tested. The following were noted during our testing:

- For one disbursement (Document no. CR-111621) amounting to \$1,050, there was no evidence of approval prior to incurrence of expenditures. 1,050
- For two disbursements (Document no. CR-112992 and 3018-00014-0000) totaling \$2,475, the supporting purchase order or a service contract was not provided for examination. 2,475
- 3,525

Cause: The causes of the above conditions are failure to obtain appropriate approval prior to incurring expenditures and failure to submit all supporting documents for filing.

Effect: The effects of the above conditions are the use of federal funds for unauthorized and unsupported expenditures and questioned costs of \$3,525. This matter is reportable as the projected questioned costs exceed the threshold of \$10,000.

Recommendation: We recommend that the College strengthen procedures to ensure that appropriate approvals are obtained for program expenditures prior to incurrence and payment. Further, we recommend that the College ensure that pertinent documents supporting program expenditures are properly maintained and filed.

Auditee Response and Corrective Action Plan:

We disagree with this finding. Although some of the items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency to resolve this finding. Further the College does not agree with the auditors' conclusion on some of the issues raised in this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented. We will work with the auditors or the grantor agency to resolve these.

**Corrective Action as of September 30, 2008:**

This finding was cleared by auditors on August 7, 2008.

**Allowable Costs/Cost Principles**

**Finding No. 2007-8**

Criteria: Per the terms of the grant agreement, the College is permitted to charge a maximum of 8% in indirect costs to the Adult Education Program. The College determines the amount charged for indirect costs by applying the allowable percentage to the total expenditures incurred under the program for the program year.

Condition: Of \$337,450 in program expenditures of the Adult Education Program, \$36,629 was charged as indirect cost. Allowable indirect costs that should have been charged amounted to \$24,066. Thus, an overcharge of indirect cost by \$12,563 occurred.

12,563

Cause: The cause of the above condition is the lack of adequate procedures to ensure that all specific grant terms and conditions are adhered to.

Effect: The effect of the above condition is noncompliance with grant terms and conditions and a possible questioned cost of \$12,563.

Recommendation: We recommend that the College implement appropriate policies and procedures to ensure recording of expenditures in the appropriate period.

Auditee Response and Corrective Action Plan:

We disagree with this finding. The College does not charge over 8% for indirect costs for grants that have a restricted rate of indirect cost recovery. If such a charge was made it probably relates to the continuation of the grant expenditures where indirect costs were not previously recovered. As we do not have access to the auditors' details, we cannot determine the cause of such. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented and will meet with the auditor to resolve this issue or reverse any charges that exceed the 8% limit or work directly with the grantor agency to effect resolution of the same.

**Corrective Action as of September 30, 2008:**

Indirect costs terms shall be strictly adhered to. The overcharge of \$12,563 will be returned to the grantor agency. Grantor agency advice pending for action.

**Allowable Costs/Cost Principles**

**Finding No. 2007-9**

Criteria: Expenditures should be authorized, supported and approved prior to incurrence.

Condition: Of \$240,997 payroll expenditures, twenty-one items, totaling \$205,958 were tested. The following were noted during our testing:

- For four disbursements totaling \$10,048, the supporting purchase order or a service voucher were not provided for examination. 10,048

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
ESI07	CR-112220	04/23/07	\$3,990	25062
ESI07	CR-111965	02/28/07	\$3,233	24451
ESI07	N0512	12/18/06	\$ 900	23858
ESI07	cr-112797	09/24/07	\$1,925	26578

- For four disbursements totaling \$8,616, the supporting receiving report or any equivalent document evidencing actual receipt of the item purchased could not be provided.

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
ESI07	PO-110088	06/07/07	\$ 3,971	25613
ESI07	N0512	12/18/06	900	23858
ESI07	cr-112797	09/24/07	<u>1,925</u>	26578

Less amount already questioned 6,796  
(2,825)

Questioned Costs this finding \$ 3,971

- For one disbursement (Document no. CR-112220) amounting to \$3,990, the supporting invoice could not be located. No questioned cost will be raised as this item was already questioned above. 3,971

14,019

Cause: The causes of the above conditions are failure to obtain appropriate approval prior to incurring expenditures and failure to submit all supporting documents for filing.

Effect: The effects of the above conditions are the use of federal funds for unauthorized and unsupported expenditures and questioned costs of \$14,019.

Recommendation: We recommend that the College strengthen procedures to ensure that appropriate approvals are obtained for program expenditures prior to incurrence and payment. Further, we recommend that the College ensure that pertinent documents supporting program expenditures are properly maintained and filed.

**Auditee Response and Corrective Action Plan:**

We disagree with this finding. Although some of items noted were not provided to the auditors or were to their satisfaction before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency to resolve this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**Eligibility**

**Finding No. 2007-10**

Criteria: It is the College's responsibility to ensure that student awards are made only to eligible participants. Various eligibility requirements concerning citizenship, prior education and similar matters are stipulated in the specific requirements of the program's compliance supplement.

Condition: Of two Student Support Services student files tested for eligibility, one file (Fall-07 Student No. 21) was missing and one file (Spring-07 Student No. 84) lacked evidence of income verification.

\_\_\_\_\_ 201

Cause: The cause of the above condition is the lack of procedures to ensure that adequate documentation is retained by the College to support eligibility of recipients of Student Support Services program.

Effect: The effect of the above condition is possible noncompliance with respect to eligibility requirements. This matter is reportable as the projected questioned costs exceed the threshold.

Recommendation: We recommend that the College establish procedures to ensure that files for all students under the program contain adequate documentation to support eligibility requirements.

**Auditee Response and Corrective Action Plan:**

We agree with this finding. Due to a transition in Directors during financial year 2007 and a relocation of certain offices, files were misplaced or may not have contained the information noted by the auditors. We will conduct a detailed review of all student files and provide the missing documentation to the auditors or the grantor agency to address this finding.

**Corrective Action as of September 30, 2008:**

This finding was cleared by auditors on August 7, 2008.

**Procurement and Suspension and Debarment**

**Finding No. 2007-11**

Criteria: Federal regulations state that small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Specifically, the College's Procurement Regulations state the following:

- Any lease or purchase of vehicles, machinery, and equipment should be procured pursuant to competitive sealed bidding.
- Price quotations should be obtained from at least three vendors for purchases between \$1,000 and \$9,999.99. In the event that only two price quotations can be obtained, a written statement shall be made by the College official with expenditure authority to indicate the reason(s) for not being able to obtain the third quotation. If only one quotation can be obtained, a Sole Source purchase form must be completed with the reason(s) why the purchase has to be made with the selected vendor indicated on the form. At least one written price quotation is required for purchases less than \$1,000.
- Procurements amounting to \$10,000 and above should be procured using competitive sealed bidding. A public notice should be publicized at least once a week over a period of 30 calendar days.
- For independent contract services, programs should first determine whether their requirements may be met by available in-house resources or through other employment options authorized by College policy prior to initiating the acquisition of services via procurement procedures.
- All contracts must be signed by the Legal Counsel, College Official with expenditure authority, Director of Finance & Administrative Services, President, Chairman of BOR (if contract amount exceeds \$25,000), and the Contractor.

Condition: Of \$441,629 nonpayroll expenditures, thirty-two items totaling \$211,959 were tested. The following were noted during our testing:

- For three disbursements for contract services totaling \$4,103, evidence that the contracted services were not available internally at the College could not be provided. 4,103

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
AR106	PS-2909feb07a	02/27/07	\$1,125	24392
AR107	PS-2975	09/28/07	\$2,217	27103
AR106	PS-2907jul07	07/16/07	\$ 761	25982

- For six airfare expenses totaling \$15,472, price quotations were not obtained from available travel agents or vendors. 10,425

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
AR107	A-102579	09/28/07	\$ 2,803	26798
AR507	A-102515	07/05/07	2,637	25883
AR107	A-102800	09/18/07	2,244	26537
AR107	W-102011	09/24/07	2,676	26598
AR107	TA 102014	09/24/07	2,676	26598
AR407	A-102594	07/05/07	<u>2,436</u>	25883
			15,472	
			Less amount already questioned at Finding No. 2007-5	
			<u>(5,047)</u>	
			Questioned Costs this finding	
			\$ <u>10,425</u>	

- For one purchase, (Document No. 2095) amounting to \$1,153, there was no evidence of competitive procurement. 1,153

- For two independent services contracts (Document No. PS-2909 and PS-2975) totaling \$3,342, the supporting contract was not signed by all authorized signatories prior to commencement of the contract period. Questioned cost for this condition is already included above. -
- For one independent services contract (Document No. PS-2975) amounting to \$2,217, there was no evidence that the public notice was adequately advertised. Further, there was no documentation of the vendor selection process. Questioned cost for this condition is already included above. -
- For one independent service contract (Document No. PS-2907) amounting to \$761, the supporting scoring sheets and related proposals of other applicants could not be provided. Thus, we could not verify if the selected vendor was indeed the most responsive. Questioned cost for this condition is already included above. -
- For one purchase amounting to \$1,085 (Document No. PO-109666), there was only one price quotation on file. No questioned cost is raised under this criteria as questioned cost is already included in Finding No. 2007-5. -

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15,681

Cause: The causes of the above conditions are inadequate documentation of small purchases and weak controls over ensuring that all procurement policies and procedures are implemented.

Effect: The effect of the above condition is noncompliance with federal procurement regulations and questioned costs of \$15,681.

Recommendation: We recommend that the College strengthen internal controls over procurement to maximize competition while maintaining the best interests of the College. If exceptions are allowed by procurement regulations, they should be reviewed, approved and documented in the procurement file.

Prior Year Status: Noncompliance with local procurement policies was reported as a finding in the Single Audit of the College for fiscal year 2006.

Auditee Response and Corrective Action Plan:

We disagree with this finding. The College procures all professional services for federal programs, especially the CREES program, via a competitive procurement process where all employees of the institution are also allowed to apply to perform the services. The auditor raises the issue of services being available internally not recognizing that services for CREES are for research or extension activities which are unique and special in nature. As we were unable to satisfy the auditors before their deadline for issuance of the audit report by June 30, 2008, the College has located the documents and will provide such to the auditors or the grantor agency for resolution of the finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**Procurement and Suspension and Debarment**

**Finding No. 2007-12**

Criteria: Federal regulations state that small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Specifically, the College's Procurement Regulations state the following:

- Any lease or purchase of vehicles, machinery, and equipment should be procured pursuant to competitive sealed bidding.
- Price quotations should be obtained from at least three vendors for purchases between \$1,000 and \$9,999.99. In the event that only 2 price quotations can be obtained, a written statement shall be made by the College official with expenditure authority to indicate the reason(s) for not being able to obtain the 3rd quotation. If only one quotation can be obtained, a Sole Source purchase form must be completed with the reason(s) why the purchase has to be made with the selected vendor indicated on the form. At least one written price quotation is required for purchases less than \$1,000.
- Procurements amounting to \$10,000 and above should be procured using competitive sealed bidding. A public notice should be publicized at least once in every week over a period of 30 calendar days.
- For independent contract services, programs should first determine whether their requirements may be met by available in-house resources or through other employment options authorized by College policy, prior to initiating the acquisition of services via procurement procedures.
- All contracts must be signed by the Legal Counsel, College Official with expenditure authority, Director of Finance & Administrative Services, President, Chairman of BOR (if contract amount exceeds \$25,000), and Contractor.

Condition: Of \$380,249 nonpayroll expenditures, thirty-five items, totaling \$52,557 were tested. The following were noted during our testing:

- For ten disbursements for contract services totaling \$9,105, evidence that the contracted services were not available internally at the College could not be provided.

9,105

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
AB106	FR011	03/13/07	\$ 1,417	24621
AB105	PS-2922may07	05/17/07	\$ 979	25442
AB106	PS-2896jul07	07/31/07	\$ 848	26121
AB105	145	12/15/06	\$ 500	23844
AB106	PS-2894-oct06a	11/28/06	\$ 1,417	23548

<u>Fund Code</u>	<u>Document Number</u>	<u>General Ledger Date</u>	<u>General Ledger Amount Tested</u>	<u>Check Number</u>
AB106	PS-2893-3/15	03/21/07	\$ 958	24639
AB706	PS-2900jan07a	02/07/07	\$ 1,375	24165
AB907	PS-2947aug07	09/04/07	\$ 350	26413
AB106	PS-2902	12/04/06	\$ 500	23634
AB106	PS-2907jun07	06/19/07	\$ 761	25752

- For one disbursement (Document no. 800470636) amounting to \$557, the procurement document supporting the basis for vendor selection were not made available.
- For two independent services contracts (Document No. FR011 and PS-2900) totaling \$2,792, there was no evidence that the public notice were adequately advertised. Further, there was no documentation of the vendor selection process. Questioned cost for this condition is already included above.
- For five independent services contracts (Document No. FR011, PS-2922, PS-2896, PS-2894 and PS-2900) totaling \$6,035, the supporting contract was not signed by all authorized signatories prior to commencement of the contract period. Questioned cost for this condition is already included above.
- For one independent services contract (Document No. 145) amounting to \$500, there was no evidence that the public notice was adequately advertised. Questioned cost for this condition is already included above.
- For two independent service contracts (Document No. PS-2947 and PS-2907) totaling \$1,111, the supporting scoring sheets and related proposals of other applicants could not be provided. Thus, we could not verify if the selected vendor was indeed the most responsive. Questioned cost for this condition is already included above.
- For one purchase obtained under sole source (Document no. 1081) amounting to \$3,500, justifications documented did not appear to meet the established criteria set. Further, there was no evidence that other available sources were considered prior to using sole source procurement. No questioned cost is raised under this criteria as questioned cost is already included in Finding No. 2007-6.

557

9,662

Cause: The causes of the above conditions are inadequate documentation of small purchases and weak controls over ensuring that all procurement policies and procedures are implemented.

Effect: The effect of the above condition is noncompliance with federal procurement regulations and possible questioned costs of \$9,662. This matter is reportable as the projected questioned costs exceed the threshold of \$10,000.

Recommendation: We recommend that the College strengthen internal controls over procurement to maximize competition while maintaining the best interests of the College. If exceptions are allowed by procurement regulations, they should be reviewed, approved and documented in the procurement file.

Auditee Response and Corrective Action Plan:

We partially agree with this finding. The College procures goods and services based on what it determines as being the best value and benefit for the program. The auditors' conclusions relative to certain justifications is very subjective. We agree, however, that additional documentation is required to meet the auditors' determination that travel procurement via competitive means is not well documented and have implement additional procedures to satisfy the auditors' requirements. Although, certain items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency for resolution of this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

Corrective Action as of September 30, 2008:

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

Procurement and Suspension and Debarment

Finding No. 2007-13

Criteria: Federal regulations state that small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Specifically, the College's Procurement Regulations state the following:

- Any lease or purchase of vehicles, machinery, and equipment should be procured pursuant to competitive sealed bidding.
- Price quotations should be obtained from at least three vendors for purchases between \$1,000 and \$9,999.99. In the event that only 2 price quotations can be obtained, a written statement shall be made by the College official with expenditure authority to indicate the reason(s) for not being able to obtain the 3rd quotation. If only one quotation can be obtained, a Sole Source purchase form must be completed with the reason(s) why the purchase has to be made with the selected vendor indicated on the form. At least one written price quotation is required for purchases less than \$1,000.
- Procurements amounting to \$10,000 and above should be procured using competitive sealed bidding. A public notice should be publicized at least once in every week over a period of 30 calendar days.

- For independent contract services, programs should first determine whether their requirements may be met by available in-house resources or through other employment options authorized by College policy, prior to initiating the acquisition of services via procurement procedures.
- All contracts must be signed by the Legal Counsel, College Official with expenditure authority, Director of Finance & Administrative Services, President, Chairman of BOR (if contract amount exceeds \$25,000) and Contractor.

Condition: Of total nonpayroll program expenditures of \$338,989 under the TRIO Programs, twenty-seven items amounting to \$89,927 were tested. Instances of noncompliance noted are as follows:

• Price quotes for the procurement of airfare for three items (Doc. Nos. A-102769, A-102802 and a-102761) totaling to \$8,536 were not provided for examination.	8,536
• Justification of the procurement made for two items (Doc. Nos. A-102700 and A-102783) totaling 5,816 appear insufficient.	5,816
• Procurement rationale for one item (Doc. No. 800472835) amounting to \$236 was not provided for examination.	236
• Procurement quotes obtained provided for one item (Doc. No. PO-110385) amounting to \$5,596 indicated a name brand preference. Although a justification for the brand name preference was provided, such did not appear to meet the criteria set forth above.	<u>5,596</u>
	<u>20,184</u>

Cause: The cause of the above condition is noncompliance with established federal procurement regulations.

Effect: The effect of the above condition is noncompliance with federal procurement regulations and possible questioned costs of \$20,184.

Recommendation: We recommend that the College comply with federal procurement regulations.

Prior Year Status: Noncompliance with established federal procurement regulations was reported as a finding in the audit of the College for fiscal year 2006.

Auditee Response and Corrective Action Plan:

We partially agree with this finding. The College procures goods and services based on what it determines as being the best value and benefit for the program. The auditors' conclusions relative to certain justifications is very subjective. We agree however that additional documentation is required to meet the auditors' determination that travel procurement via competitive means is not well documented and have implemented additional procedures to satisfy the auditors' requirements. Although, certain items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency for resolution of this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**Procurement and Suspension and Debarment**

**Finding No. 2007-14**

Criteria: Federal regulations state that small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Specifically, the College's Procurement Regulations state the following:

- Any lease or purchase of vehicles, machinery, and equipment should be procured pursuant to competitive sealed bidding.
- Price quotations should be obtained from at least three vendors for purchases between \$1,000 and \$9,999.99. In the event that only 2 price quotations can be obtained, a written statement shall be made by the College official with expenditure authority to indicate the reason(s) for not being able to obtain the 3rd quotation. If only one quotation can be obtained, a Sole Source purchase form must be completed with the reason(s) why the purchase has to be made with the selected vendor indicated on the form. At least one written price quotation is required for purchases less than \$1,000.
- Procurements amounting to \$10,000 and above should be procured using competitive sealed bidding. A public notice should be publicized at least once in every week over a period of 30 calendar days.
- For independent contract services, programs should first determine whether their requirements may be met by available in-house resources or through other employment options authorized by College policy, prior to initiating the acquisition of services via procurement procedures.
- All contracts must be signed by the Legal Counsel, College Official with expenditure authority, Director of Finance & Administrative Services, President, Chairman of BOR (if contract amount exceeds \$25,000) and Contractor.

Condition: Of \$256,143 nonpayroll expenditures, twenty-six items, totaling \$120,268 were tested. The following were noted during our testing:

- For one purchase (Document no. PO-110065) amounting to \$4,600, the solicitation indicated restrictions on competition by specifying a brand name. Justification for name brand preference does not suffice above criteria.

4,600

- For one purchase (Document no. CR-111621) amounting to \$1,050, the supporting contract was not signed by the College's president, fund certifier, Chief Financial and Administrative Office and legal counsel. No questioned cost will be raised as this was already included in Finding No. 2007-8.

-  
4,600

Cause: The causes of the above conditions are inadequate documentation of small purchases and weak controls over ensuring that all procurement policies and procedures are implemented.

Effect: The effect of the above condition is noncompliance with federal procurement regulations and questioned costs of \$4,600. This matter is reportable as the projected questioned costs exceed the threshold of \$10,000.

Recommendation: We recommend that the College strengthen internal controls over procurement to maximize competition while maintaining the best interests of the College. If exceptions are allowed by procurement regulations, they should be reviewed, approved and documented in the procurement file.

Auditee Response and Corrective Action Plan:

We partially agree with this finding. The College procures goods and services based on what it determines as being the best value and benefit for the program. The auditors' conclusions relative to certain justifications is very subjective. Although certain items noted were not provided or were not to the satisfaction of the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency for resolution of this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**Procurement and Suspension and Debarment**

**Finding No. 2007-15**

Criteria: Federal regulations state that small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. Specifically, the College's Procurement Regulations state the following:

- Any lease or purchase of vehicles, machinery, and equipment should be procured pursuant to competitive sealed bidding.

- Price quotations should be obtained from at least three vendors for purchases between \$1,000 and \$9,999.99. In the event that only 2 price quotations can be obtained, a written statement shall be made by the College official with expenditure authority to indicate the reason(s) for not being able to obtain the 3rd quotation. If only one quotation can be obtained, a Sole Source purchase form must be completed with the reason(s) why the purchase has to be made with the selected vendor indicated on the form. At least one written price quotation is required for purchases less than \$1,000.
- Procurements amounting to \$10,000 and above should be procured using competitive sealed bidding. A public notice should be publicized at least once in every week over a period of 30 calendar days.
- For independent contract services, programs should first determine whether their requirements may be met by available in-house resources or through other employment options authorized by College policy, prior to initiating the acquisition of services via procurement procedures.
- All contracts must be signed by the Legal Counsel, College Official with expenditure authority, Director of Finance & Administrative Services, President, Chairman of BOR (if contract amount exceeds \$25,000) and Contractor.

Condition: Of total nonpayroll program expenditures of \$90,333 under the Capacity Building for Traditionally Underserved Populations program, twenty-six items amounting to \$45,639 were tested. Instances of noncompliance noted are as follows:

- |   |              |
|---|--------------|
| • Price quotes for the procurement of airfare for one item (Document No. A-102792) amounting to \$2,523 was not provided for examination. | 2,523        |
| • Justification of the procurement made for two items (Document Nos. 1166 and A-102790) totaling \$4,253 appear insufficient.             | <u>4,253</u> |
|   | <u>6,776</u> |

Cause: The cause of the above condition is noncompliance with established federal procurement regulations.

Effect: The effect of the above condition is noncompliance with federal procurement regulations and possible questioned costs of \$6,776. This matter is reportable as the projected questioned costs exceed the threshold of \$10,000.

Recommendation: We recommend that the College comply with federal procurement regulations.

Auditee Response and Corrective Action Plan:

We partially agree with this finding. The College procures goods and services based on what it determines as being the best value and benefit for the program. The auditors' conclusions relative to certain justifications is very subjective. We agree however that additional documentation is required to meet the auditors' determination that travel procurement via competitive means is not well documented and have implement additional procedures to satisfy the auditors' requirements. Although certain items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency for resolution of this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

Corrective Action as of September 30, 2008:

Procurement procedures will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

Matching, Level of Effort, Earmarking

Finding No. 2007-16

Criteria: The Adult Education and Family Literacy Act (the Act) requires the following, among others:

- An eligible agency may receive funds for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the second preceding fiscal year, was not less than 90 percent of the fiscal effort per student or the aggregate expenditures of the eligible agency for adult education and literacy activities, in the third preceding fiscal year.
- Grants and contracts for eligible providers shall not be less than 82.5 percent of the eligible agency's grant funds. Such earmarking requirement is for each yearly grant award and must be met within the period of its availability (generally 27 months).

Condition: Our test of the requirements above for the Adult Education program indicated the following:

- The College's fiscal effort per student or the aggregate expenditures for adult education and literacy activities in fiscal year 2007 was less than 90% of the fiscal effort per student or the aggregate expenditures of the eligible agency for adult education and literacy activities in 2006.
- The College's grants and contracts for eligible providers in fiscal year 2006 required an earmarking of funds of \$238,372. Funds earmarked by the College for fiscal year 2006 totaled \$185,669, thus, a deficient earmark of \$52,703.

52,703

Total Questioned Costs \$ 170,161

Cause: The cause of the above condition is lack of monitoring controls in place to ensure compliance with the above criteria.

Effect: The effect of the above condition is noncompliance with the criteria and a possible questioned cost of \$52,703. No questioned cost was raised for the level of effort requirement as funds expended for these activities were local funds.

Recommendation: We recommend that control policies and procedures be implemented to ensure compliance with the criteria.

Auditee Response and Corrective Action Plan:

We cannot agree or disagree with this finding as adequate information cannot be gathered within reasonable time to determine if the auditors' conclusions are correct. Although, certain items noted were not provided to the auditors before their deadline for issuance of the audit report by June 30, 2008, the documents are available and the College will provide such to the auditors or the grantor agency for resolution of this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Program criteria will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**U.S. Department of Education**

**Allowable Costs/Cost Principles – TRIO – Upward Bound, Adult Education, and Capacity Building for Traditionally Underserved Populations**

**CFDA #84.047, Federal Award #P047A030695-06**

**CFDA #84.002, Federal Award #s V002A050055 and V002A060059**

**CFDA #84.315, Federal Award #H315C050012-06**

**Federal Award Period 09/01/2006 – 08/31/2007**

**Federal Award Period 07/01/06 – 09/30/07 and 09/01/06 – 08/31/07**

**Federal Award Period 10/01/06 – 09/30/07**

**Finding No. 2007-17**

Criteria: The grant terms and conditions require that when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving federal funds, shall clearly state the (1) dollar amount of federal funds for the project, (2) the percentage of the total cost of the project that will be financed by federal funds, and (3) the percentage and dollar amount of the total cost of the project that will be financed by non-governmental sources.

Condition: Our examination of the requirement above indicated the following:

- Of total nonpayroll expenditures of \$338,989 under the TRIO Programs, twenty-seven items amounting to \$89,927 were tested. Request for proposals issued for one purchase (Doc. No. PO-110261) did not satisfy the requirements set forth above.
- Of total nonpayroll expenditures of \$256,143 under the Adult Education Program, twenty-six items amounting to \$120,268 were tested. For three expenditures totaling \$6,475, advertising content did not indicate the dollar amount of federal funds for the project and the percentage of the total cost of the project that will be financed with federal funds or non-governmental sources.

- Of total nonpayroll expenditures of \$90,333 under the Capacity Building for Traditionally Underserved Populations program, twenty-six items amounting to \$45,639 were tested. Request for proposals issued for two purchases (Doc. Nos. 1166 and 19135) did not satisfy the requirements set forth above.

Cause: The cause of the above condition is lack of awareness of such provisions.

Effect: The effect of the above condition is noncompliance with grant terms and conditions.

Recommendation: We recommend that the College comply with applicable terms and conditions.

Auditee Response and Corrective Action Plan:

The College federal program personnel were obviously not aware of this requirement. The College will ensure that this requirement is met for all future procurement of services or goods utilizing federal funds. We will work with the federal grantor agencies to bring resolution to this finding. To avoid not meeting the deadline for the completion of the audit, the College elected to finalize the report as presented.

**Corrective Action as of September 30, 2008:**

Program criteria will be strictly adhered to. Training has been provided and will continue as needed. Accountability and compliance is expected at all levels.

**U.S. Department of Agriculture**

**Cash Management—Payments to Agricultural Experiment Stations under the Hatch Act**

**CFDA # 10.203, Federal Award #s 2007-3110006095 and 2006-3110006095**

**Federal Award Periods 10/01/06 – 09/30/07 and 10/01/05 – 09/30/06**

**Finding No. 2007-18**

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (the Common Rule) states: “Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making the disbursements.”

Condition: For seventeen of forty-four transactions tested, the time elapsed between the receipt of federal funds and the clearance of disbursed checks exceeded three days for the following transactions:

<u>Document Number</u>	<u>Check Number</u>	<u>Amount Tested</u>	<u>Clearance Date</u>	<u>Reimbursement Date</u>	<u>Days Lapsed After 3 Business Days</u>
PO-110720	27111	\$38,897	11/15/07	10/05/07	38
PO-110720	27111	\$95,100	11/15/07	10/05/07	38
A-102515	25883	\$ 2,637	07/19/07	04/26/07	81
W-102011	26598	\$ 2,676	11/01/07	04/26/07	186
TA-102642	26303	\$ 4,200	09/05/07	04/26/07	129
TA 102014	26598	\$ 2,676	11/01/07	10/05/07	24
A-102594	25883	\$ 2,436	07/19/07	04/26/07	81
TA-102594	25851	\$ 3,050	07/09/07	04/26/07	71
PO-110305	26036	\$ 4,314	08/27/07	04/26/07	120

PO-110288	25767	\$ 3,321	07/12/07	04/26/07	74
PO-110335	26008	\$ 1,814	08/09/07	04/26/07	102
PS-2975	27103	\$ 2,217	12/26/07	10/05/07	79
655	27140	\$ 1,727	11/20/07	10/05/07	43
287-0552jun07	26419	\$ 1,255	09/14/07	04/26/07	138
PO-110512	26242	\$ 1,915	09/05/07	04/26/07	129
2095	26310	\$ 1,153	09/04/07	04/26/07	128
CR-113218	27104	\$ 3,240	11/26/07	10/05/07	49

Cause: The cause of the above condition is that the College appears to have overestimated its check clearing pattern and is drawing cash prior to actual check clearance.

Effect: The effect of the above condition is noncompliance with federal cash management requirements. However, no questioned costs result from the condition as the estimated interest liability to the grantor agency is less than \$10,000. Interest earned on advances is \$1,042 and an interest liability of \$942 exists.

Recommendation: We recommend that the College update its check clearing study and draw down in accordance with that study.

Prior Year Status: Lack of regular and timely update of the check clearing study and drawdown was reported as a finding in the audits of the College for fiscal years 2005 and 2006.

Auditee Response and Corrective Action Plan:

The College strongly disagrees with this finding. As a result of a similar finding in FY2006, the College amended its drawdown procedures to delay drawdown of federal funds for up to a week after the processing/incurred of the related expenses and/or payment for services. Again when a vendor decides to cash a check is really beyond the control of the institution and this issue is particularly difficult for the College as it is so far removed from the mainland. As a good number of our vendors are from off-island it is practically impossible for NMC to determine accurately the time it would take for a vendor to receive and process a payment. It appears that the College has taken reasonable measures to address this concern by delaying drawdown of federal funds but the issue continues. The College will work with the federal grantor agencies to obtain resolution of this issue and also to resolve the issue of the estimated interest earned such funds and act as directed by the grantor agencies.

Corrective Action as of September 30, 2008:

The College will continue in its efforts to delay drawdown of Federal funds and stress with vendors the need to deposit payments as soon as obtained. A check clearing study will be performed on a monthly basis and drawdowns will be made accordingly.

**U.S. Department of Education**  
**Cash Management – Higher Education Institutional Aid and Adult Education**  
**CFDA #84.031, Federal Award #P031A020233-06**  
**CFDA #84.002, Federal Award #s V002A050055 and V002A060059**  
**Federal Award Period 10/01/06 – 09/30/07**  
**Federal Award Periods 07/01/06 – 09/30/07 and 09/01/06 – 08/31/07**

**Finding No. 2007-19**

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (the Common Rule) states: “Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making the disbursements.”

Condition: Our examination of the requirement above indicated the following:

- For eight of twenty-five transactions tested under the Higher Education Institutional Aid Program, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded three days for the following transactions:

<u>Document Number</u>	<u>Check Number</u>	<u>Amount Tested</u>	<u>Clearing Date</u>	<u>Reimbursement Date</u>	<u>Days Lapsed After Three Business Days</u>
C-070001	23873	\$45,975	01/05/07	12/29/06	2
C-070001	23873	\$27,163	01/05/07	12/29/06	2
PO-110733	26905	\$ 6,547	11/20/07	10/02/07	32
PO-110137	26201	\$ 8,394	09/10/07	08/22/07	10
PO-110138	26359	\$ 6,282	11/13/07	08/31/07	49
PS-2935final	25806	\$ 3,283	09/10/07	07/20/07	33
Cr-112797	26578	\$ 1,925	11/19/07	10/02/07	31
PP#22/2006	V017395	\$ 1,352	10/27/06	10/17/06	5

- For five of thirty-six transactions tested under the Adult Education Program, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded three days for the following transactions:

<u>Document Number</u>	<u>Check No.</u>	<u>Amount Tested</u>	<u>Clearing Date</u>	<u>Reimbursement Date</u>	<u>Days Lapsed After Three Business Days</u>
PP#12/07	9461	\$ 600	06/29/07	06/13/07	9
PP#17/07	9871	\$ 1,200	08/29/07	08/22/07	2
CR-113297	28438	\$ 49,559	03/31/08	01/11/08	59
CR-111621	24042	\$ 1,050	03/07/07	02/22/07	6
CR-112992	26605	\$ 1,250	10/09/07	10/02/07	2

Cause: The cause of the above condition is that the College appears to have overestimated its check clearing pattern and is drawing cash prior to actual check clearance.

Effect: The effect of the above condition is noncompliance with federal cash management requirements. However, no questioned costs result from the condition as the estimated interest liability to the grantor agency is less than \$10,000. Interest earned on advances is \$356 and an interest liability of \$156 exists.

Recommendation: We recommend that the College update its check clearing study and draw down in accordance with that study.

Prior Year Status: Lack of regular and timely update of the check clearing study and drawdown was reported as a finding in the audits of the College for fiscal years 2005 and 2006.

Auditee Response and Corrective Action Plan:

The College strongly disagrees with this finding. As a result of a similar finding in FY2006, the College amended its drawdown procedures to delay drawdown of federal funds for up to a week after the processing/incurred of the related expenses and/or payment for services. Again when a vendor decides to cash a check is really beyond the control of the institution and this issue is particularly difficult for the College as it is so far removed from the mainland. As a good number of our vendors are from off-island it is practically impossible for NMC to determine accurately the time it would take for a vendor to receive and process a payment. It appears that the College has taken reasonable measures to address this concern by delaying drawdown of federal funds but the issue continues. The College will work with the federal grantor agencies to obtain resolution of this issue and also to resolve the issue of the estimated interest earned such funds and act as directed by the grantor agencies.

Corrective Action as of September 30, 2008:

The College will continue in its efforts to delay drawdown of Federal funds and stress with vendors the need to deposit payments as soon as obtained. A check clearing study will be performed on a monthly basis and drawdowns will be made accordingly.

**Equipment and Real Property Management – All Major Programs**

**Finding No. 2007-20**

Criteria: Title 34 Part 74.34 of the Code of Federal Regulations, *The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, states the following requirements, among others:

- a. Equipment records shall be maintained accurately and shall include a description of the property, manufacturer's serial number or other identification number, the source of property including the award number, whether the title vests in the recipient of the Federal Government, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- b. A physical inventory of the property must be taken and the results reconciled with the property records at least every two years;

In addition, the College's Property Management and Accountability Manual requires that an annual physical inventory of fixed assets be taken.

Condition: The following were noted during our examination of College's compliance with the above requirements:

- The College's property records lack information as to source of the property, whether title vests to the recipient or the Federal government, information from which one can calculate the percentage of Federal participation in the cost of the property, and condition of the property.
- Physical inventory was not performed annually as required by the College's Property Management and Accountability Manual.

Cause: The cause of the above condition is lack of information as required by the federal regulations and lack of adherence to established policies and procedures regarding physical inventory counts of property and equipment.

Effect: The effect of the above condition is that the College is not in compliance with federal property standards and the Property Management and Accountability Manual.

Recommendation: We recommend that the College ensure compliance with applicable federal property rules and regulations and the Property Management and Accountability Manual.

Prior Year Status: Lack of policies and procedures to ensure compliance with federal property management standards was reported as a finding in the audit of the College for fiscal year 2005 and 2006.

Auditee Response and Corrective Action Plan:

The College partially agrees with this finding. A comprehensive inventory of fixed assets was completed in FY2006 as part of the College's efforts to address the long standing issue relative to the accounting and inventory of all College assets and revaluation of the carrying balances of its real properties. As a result material adjustments were made to the financial statements and the related audit findings and report qualifications were removed. Conducting an annual inventory of fixed assets is both unreasonable and impractical considering the limited human and financial resources at the institution. The College will make adjustments to its local property management manual to have such coincide with the federal requirement of physical inventory of capital assets to be conducted every two years. The College has also invested in the fixed assets module for tracking and accounting for its fixed assets on its accounting system. This should provide for greater accountability of all capital assets of the institution. The College will discuss this issue with affected grantor agency and effectuate the necessary policy changes.

**Corrective Action as of September 30, 2008:**

Inventory of Rota Instructional Site and Tinian Instructional Site was completed in 2007. Saipan campus inventory will be completed before the end of 2008. The College's Property Management and Accountability Manual will be revised to require inventory every two years. The next inventory due for Rota and Tinian will be 2009 and for Saipan will be 2010.

**U.S. Department of Education**  
**Reporting – Adult Education**  
**CFDA #84.002, Federal Award #s V002A050055 and V002A060059**  
**Federal Award Periods 07/01/06 – 09/30/07 and 09/01/06 – 08/31/07**

**Finding No. 2007-21**

Criteria: CFR 34, Part 80, sec80.40, requires that the initial report for 15 months and the final report for 27 months (funds are available for obligation for 27 months) after initiation of the program are due 90 days after year-end.

Condition: Expenses reported in the initial SF-269 report were overstated by \$49,559.

Cause: The cause of the above condition is due to an adjustment in expenditures not effected in the SF-269.

Effect: The effect of the above condition is noncompliance with the criteria.

Recommendation: We recommend that control policies and procedures be implemented to ensure compliance with the criteria.

Prior Year Status: Lack of control policies and procedures to ensure that federal financial reporting requirements are complied with what was reported as a finding in the audit of the College for fiscal year 2006 and 2005.

**Auditee Response and Corrective Action Plan:**

We partially agree with this finding. This overstatement of the amounts reported on the SF-269 resulted from a reclassification of an expenditure item which was done as part of the audit process. The SF-269 was correctly stated based on the expenditures when the federal accountant prepared it. The College will file an adjusted SF-269 to reflect this adjustment of expenditures for the period. Such will be filed with the grantor agency with an explanation for the revised filing.

**Corrective Action as of September 30, 2008:**

The College has filed an adjusted SF-269 to reflect this adjustment of expenditures for the period.

Exhibit A

Bookstore SOP's

**NMC BOOKSTORE**  
**Inventory Count Procedures**  
 Inventory Count as of \_\_\_\_\_

**OBJECTIVE:**

To provide written inventory instructions that will ensure an orderly, complete, and accurate count.

**SCOPE:**

Inventory count of textbooks, school and office supplies, apparel & other items for sale owned by NMC Bookstore as of cut-off date and stored at the Bookstore, its stockrooms & other locations.

**PROCEDURES:**

Functional Responsibility	Activities
<b>Pre-Count Activities</b>	
<b>NMC Bookstore Manager</b>	1. Ensures that stocks are properly arranged, marked, labeled or described so that they can be accurately identified and counted by the count teams. (barcode number, description, bin number, unit of measure, etc.)
	2. Issues reminder to NMC department heads that movements of stocks shall be stopped or minimized during the count. Thus, requisitions should be made prior to count dates and issuance of items shall be allowed only in emergency cases as approved by the President or CFAO.
	3. Designates the participants and their respective assigned locations during the count. For each count pair, the counter shall come from the Bookstore and the verifier from other departments or from the Finance Office.
	4. Facilitates recording of all receipts and issuance as of cut-off date (September 30) for prompt reconciliation of year-end count and book balances.
	5. Segregates stocks not to be counted (e.g. goods owned by others, scraps, obsolete, and damaged items already written off).
	6. Communicates to count participants the physical inventory procedures. (All participants should attend a briefing a day before the start of the count.)
<b>NMC - Finance Office Representative</b>	1. Obtains the names of count participants and their assigned locations.
	2. Ensures that the Bookstore and all stockrooms have been organized to facilitate the physical inventory count.
	3. Lists the sequence number of tags to be issued to each count team.
	4. Selects items to be test-counted.
<b>During the Count</b>	
<b>NMC - Finance Office Representative</b>	1. Performs cut-off procedures by determining the last used and first unused number of the following prenumbered inventory forms:  A) Sales Invoice B) Receiving Report C) Returns

**NMC BOOKSTORE**  
**Inventory Count Procedures**  
 Inventory Count as of \_\_\_\_\_

Functional Responsibility	Activities
<b>NMC Bookstore Manager</b>	1. Distributes the following to the count teams:  A) Count tags. (Ensures that count tags are issued in pair (upper and lower portions having identical number) and in sequence. B) Pens, string, paper, tape, calculators, and other paraphernalia for count.
<b>Count Teams</b>	1. Proceed to assigned locations for the count to begin.  2. Each team will work in their assigned areas in a systematic manner (i.e. row by row and bin by bin). The NMC Bookstore Manager and/or Physical Count In-charge will supervise the actual counts.
<b>Counter</b>	1. Writes the information required on both upper and lower portions of the tag: 1. Cut-off date 2. Bar code number 3. Description 4. Location (rack number, bin number) 5. Unit of measure  2. Calls the attention of the NMC Bookstore Manager if there are problems identifying the item.  3. Counts the items in the assigned location.  4. Writes quantity and initial on the space provided.
<b>Verifier</b>	1. Performs a separate count of the item. If count tallies with that made by the Counter, writes the quantity and initial on the space provided on the tag.  2. If count differs from that of the Counter makes a recount ( in the presence of the Counter). Any changes on the count tag should be initialed by both of them.  3. Ensures that the count tag is securely attached to the bin or item counted and visible to avoid duplicate counting.
<b>NMC - Finance Office Representative</b>	1. Traces quantity of items test counted to the Physical Inventory Worksheet Report (list by tag number). Any differences noted should be investigated at once.  2. Investigates significant variances, shortages, or overages reflected ont the Physical Inventory Worksheet Report. Reviews reconciliation prepared by the NMC Bookstore Manager for proprietary and validity.  3. Test checks pricing of items of material value and ascertains if prices were from appropriate source.  4. Asecertains whether differences disclosed by verification procedures are appropriately adjusted in the inventory records.

NMC BOOKSTORE

INVENTORY COUNT PARTICIPANTS  
SPECIMEN SIGNATURES/ INITIALS

INVENTORY COUNT AS OF \_\_\_\_\_  
Warehouse Location \_\_\_\_\_

	Counter	Verifier	Assigned Location
TEAM 1 A (Printed Name)  Signature Initial			
TEAM 1 B (Printed Name)  Signature Initial			
TEAM 2 (Printed Name)  Signature Initial			
TEAM 2 A (Printed Name)  Signature Initial			
TEAM 3 (Printed Name)  Signature Initial			
TEAM 4 (Printed Name)  Signature Initial			
TEAM 5 (Printed Name)  Signature Initial			
TEAM 6 (Printed Name)  Signature Initial			

## **IV. Institutional Closure and Teach-Out/Transfer Plan**

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### **Statement of Institutional Commitment**

The Northern Marianas College (NMC) has a deep commitment to its students and the Commonwealth of the Northern Mariana Islands. It is in this spirit that the Board of Regents of the Northern Marianas College, prior to deciding to close the operations of the College, shall carefully consider such alternatives that may include but not be limited to merging with another institution, forming a consortium, or participating in extensive inter-institutional sharing and cooperation, and shall ultimately render a decision that is in the best interest of the students and the people of the Commonwealth.

It is therefore with concern and regret that the College announces that it may close effective December 20, 2009. The decision to close the College will be made by the College's Board of Regents (in close consultation with the CNMI Legislature) following the action of the Accrediting Commission for Community and Junior Colleges (ACCJC) and the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges, should the ACCJC decide not to reaffirm the institution's accreditation. NMC intends to adhere strictly to the policies of the accrediting commissions in its close-out processes. The College will fulfill its commitment to all currently enrolled students in the certificate and degree (two-year and four-year) programs and will close after the completion of the teach-out and/or transfer-out process of its students.

NMC will maintain the highest level of regulatory compliance with all governmental and accrediting laws, rules, and regulations throughout the closure processes. NMC's College Council will be charged with facilitating/coordinating the institutional closure process. The Council will assist the campus with the fulfillment of its mission and will ensure an efficient, educationally-sound, employee-sensitive and student-focused transition to College closure. In all situations, the Council will discharge its responsibilities with the highest standards of integrity.

NMC will communicate fully and in a timely manner to all students, faculty, staff and all constituencies regarding the decision to terminate accreditation and to close the College. Communication will be via meetings, forums, faculty announcements in all classrooms, class visits, email, NMC website, press conferences/releases, letters via air mail, etc.

### **Student Completion Support**

In the teach-out and transfer-out communication to students, NMC intends to fulfill obligations to currently enrolled students by reviewing and finalizing their individual student certificate and/or degree plan. In addition, NMC will maintain student learning and support services to provide the continued opportunity to complete their programs of study prior to the closure of the College. The College is committed to maintaining the facilities throughout the close-out period ensuring that all educational needs in classrooms and laboratories are met.

The College will audit the progress of all students to determine the course of study needed for their subsequent projected graduation date. An individual student certificate and/or degree plan

will include a completion timeline of the courses needed per semester. The program directors, department chairs, and academic advisors along with the registrar will conduct regular audits of student progress during the semesters to ensure students are on track for completion within the given timeframes.

PELL and other institutional financial aid eligibility will be maintained throughout the duration of the close-out period.

Students will be informed throughout the teach-out and/or transfer-out communication that the College will maintain necessary services and continuity in instructional personnel as much as possible. Based on projected student completions, employment end dates for the faculty and staff will be projected and communicated. Financial incentives and severance packages will be developed for all employees as incentives for staying until their projected end dates and to reduce service disruptions and student distress resulting from excessive turnover in the remaining terms of the College.

The Counseling and Career Services Office will be in operation through the end of the close-out period and supplemented by KUDER on-line career services assistance. Once the close-out period is completed, on-line career services assistance will be available for graduates through KUDER with an easy to use website. Career services will also be made available for a period of three months after the final closure date. The Tutoring Center, housed within Counseling Programs and Services (CPS), will continue to provide tutoring assistance to students throughout the duration.

Library Programs and Services (LPS) will remain open to the end of the close-out period to ensure students have access to resource materials. The Director of the LPS is scheduled to remain with the College throughout this period. The on-line databases will remain available to students throughout the close-out period.

### **Disposition of Academic Records and Financial Aid Transcripts**

Efforts are ongoing at the campus to prepare academic records, financial aid information, and other records for permanent archiving. All physical copies of student files (academic records, financial aid records, administrative records and business office records) are being prepared for archiving at the Guam Community College. These records shall be stored in compliance with the applicable record retention requirements specified by Title IV regulations of the Higher Education Act (HEA) of 1965. Student academic transcripts, related academic records, student account transactions, financial awards, and disbursements are fully maintained in NMC's student information system. Permanent records within the student information system and the imaged academic records shall be housed and maintained electronically by the Guam Community College located at Mangilao, Guam. All students past and present will be informed that their records will be stored and accessible at the Guam Community College.

Under the direction of campus administrators, all offices and storage areas on each campus will be audited by designated staff to identify records and other documents for archiving. Those records not designated for archiving will be shredded, recycled, or otherwise disposed of in

compliance with the Federal Educational Rights and Privacy Act (FERPA) and other applicable regulatory requirements. All documents required for academic recordkeeping are to be identified by April 30, 2009. The Office of Institutional Effectiveness, Office of Admissions and Records, and Office of Information Technology shall be charged with the records management process.

Regular communication with students will be maintained to keep them up-to-date on individual progress toward graduation and on any changes occurring on campus during the close-out process.

### **Provision for Faculty and Staff**

Estimated end dates for current employees will be developed based upon projections of student completions through December 2009. Calculation of financial incentives and severance pay will be developed based on each employee's job classification and length of employment. Confidential communication of individual end dates, stay bonuses, and severance pay will be completed by April 2009. All personnel policies and benefits will be maintained for current employees, including retirement benefits, authorized leaves of absence, and acceptance of resignations. Benefits and payroll processes will be centralized through the Human Resources Office (HRO) and will not be disrupted by the staff reductions. Payroll processes will be centralized and done through electronic deposits and HRO will develop incentives (stay bonuses and severance pay) to encourage the retention of personnel until their projected end dates.

The HRO will be coordinating all efforts to assist employees in their reemployment efforts. Resumes and CVs submitted to HRO by faculty and staff personnel will be forwarded to other agencies such as the Office of Personnel Management (OPM), Workforce Investment Agency (WIA), Department of Labor (DOL), and/or other appropriate agencies.

### **Disposition of Assets and Facilities**

NMC is the lone state-supported regionally accredited institution of higher education in the Commonwealth of the Northern Mariana Islands (CNMI). As such, all real property remaining after closure of the campus reverts to the CNMI government or the entity established to hold title to public lands. Asset inventories for all College sites will be available for disposition. Plans for disposition of the assets will be developed in coordination with administration personnel based upon the estimate asset release dates determined by the College relative to the furniture, fixtures, and equipment needed for student completion and closure support. Resources which were donated to the College will be assessed for disposition in a manner consistent with the intent of the donors. Disposition of all assets will be in accordance with College policy and local and federal law.

### **Obligations to Creditors**

The only long-term financial obligation NMC has is a secured loan in the amount of \$250,000 from First Hawaiian Bank. This loan can immediately be paid in full.

Payments due to vendors will be centralized and will be made directly through the NMC Finance Office. Refunds related to financial aid programs will be centralized and made directly from the Finance Office or the CNMI Treasury. These centralized processes will enable a seamless fulfillment of outstanding obligations and the maintenance of services in the final terms of the College. Arrangements will be made at all NMC sites for the return of all leased equipment and the termination of any agreements as justified by projected College needs and closure timeframe.

### **Coordination with the Accrediting Commission for Community and Junior Colleges (ACCJC)**

Following acceptance of NMC's closure plan by the ACCJC, NMC will consult with and apprise ACCJC of any further developments regarding the plans to close the College. NMC will coordinate with ACCJC in advance regarding arrangements on the legally authorized and accredited institutions to award degrees for students who wish to transfer out. Upon final closure of the College, a report ensuring graduation or transfer of students, disposition of assets, and location of all institution records will be submitted to ACCJC.

### **Key Governing Board Obligations**

The Board of Regents will take a formal vote to terminate the institution on a specified date, if the ACCJC decides not to reaffirm the College's accreditation. The Board will have ultimate authority in the determination of close-out procedures but will ensure its commitment to the College's students first and foremost. The Board will further ensure that resources and personnel will be provided to carry out the final terms of instruction for the institution and that records of the College will be properly maintained. The Board will remain in existence during the close-out period until such time it is determined that the Board has fulfilled its stated purpose.

### **Conclusion**

NMC will work to ensure fulfillment of its obligations to students, employees, creditors, and regulatory agencies throughout the teach-out/transfer-out of its programs and the closure of the College. The guiding principles in the management of the process is to uphold the integrity of the institution, maintain student services, and ensure appropriately trained faculty are available to instruct students.

Termination or transfer of any Federal program/grant shall be in accordance with applicable laws, rules, and regulations of the Federal grantor agencies.

The Board and NMC administration shall work closely with the Legislature and Governor regarding matters of law (Appendix P).