

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



CENTRAL CAROLINA COMMUNITY COLLEGE

SANFORD, NORTH CAROLINA

INVESTIGATIVE REPORT
JANUARY 2018



NC\$OSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor received an allegation through its Hotline that Central Carolina Community College (College) gave its staff additional paid holidays in excess of the standard 12 paid holidays provided to state employees.

BACKGROUND

Central Carolina Community College operates campuses in Chatham, Harnett, and Lee counties. The College receives aid from the State and county appropriations. The College served almost 10,000 students during both the fall 2016 and the spring 2017 semesters.

KEY FINDING

- The College's Board approved extra holidays resulting in almost \$900,000 in payments to employees for days they did not work

KEY RECOMMENDATIONS

- The State Board of Community Colleges should adopt a new rule requiring all community colleges to conform with the OSHR holiday policy
- The Community College System Office should ensure that all community colleges comply with the new rule to be adopted by the State Board of Community Colleges
- The Central Carolina Community College Board of Trustees should adopt a holiday policy that conforms to the new State Board holiday policy

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax: (919) 807-7647
<http://www.ncauditor.net>

AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Julian Philpott, Board Chairman, Central Carolina Community College
Dr. T. Eston (Bud) Marchant, President, Central Carolina Community College
Scott Shook, Chair, State Board of Community Colleges
Jennifer Haygood, Acting President, North Carolina Community College System

Ladies and Gentlemen:

Pursuant to *North Carolina General Statute §147-64.6(c)(16)*, we have completed an investigation of allegations concerning Central Carolina Community College. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General and other appropriate officials in accordance with *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of the Central Carolina Community College during our investigation.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Beth A. Wood'.

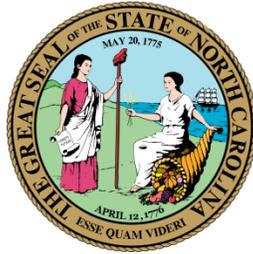
Beth A. Wood, CPA
State Auditor



Beth A. Wood, CPA
State Auditor

TABLE OF CONTENTS

	PAGE
BACKGROUND	1
FINDING AND RECOMMENDATIONS	
THE COLLEGE’S BOARD APPROVED EXTRA HOLIDAYS RESULTING IN ALMOST \$900,000 IN PAYMENTS TO EMPLOYEES FOR DAYS THEY DID NOT WORK.....	2
MATTERS FOR FURTHER CONSIDERATION	5
RESPONSE FROM CENTRAL CAROLINA COMMUNITY COLLEGE	10
RESPONSE FROM THE STATE BOARD OF COMMUNITY COLLEGES	12
ORDERING INFORMATION	13



BACKGROUND

The Office of the State Auditor received a Hotline complaint that Central Carolina Community College (College) gave its staff additional paid holidays in excess of the standard 12 holidays provided to state employees.

Our investigation of this allegation included the following procedures:

- Review of applicable College policies and procedures
- Review of the State Board of Community Colleges (State Board) policies
- Interviews with staff from the College and North Carolina Community College System Office (System)
- Review of employee payroll records
- Review of the additional 57 community colleges' holiday policies

This report presents the results of the investigation. The investigation was conducted pursuant to *North Carolina General Statute § 147-64.6 (c) (16)*.

North Carolina Community College System

The System consists of a network of 58 community colleges located throughout the State. These community colleges provide education, training, and retraining for the workforce including basic skills and literacy education as well as occupational and pre-college programs.¹

The System is governed by a State Board consisting of 21 members. The State Board adopts system-wide priorities and policies.

Central Carolina Community College

The College operates campuses in Chatham, Harnett, and Lee counties. The College's mission is to serve "as a catalyst for individual, community, and economic development by empowerment through accessible lifelong learning."² The College receives aid from state and county appropriations. The College served 9,684³ students during the fall 2016 semester and 9,862⁴ students during the spring 2017 semester.

A 17-member Board of Trustees governs the College. The College's president reports to the Board of Trustees.

¹ <http://www.nccommunitycolleges.edu/mission-history>

² <http://www.cccc.edu/about/mission>

³ North Carolina Community Colleges, Semester Curriculum Enrollment, Fall 2016-2017

⁴ North Carolina Community Colleges, Semester Curriculum Enrollment, Spring 2016-2017



FINDING AND RECOMMENDATIONS

THE COLLEGE'S BOARD APPROVED EXTRA HOLIDAYS RESULTING IN ALMOST \$900,000 IN PAYMENTS TO EMPLOYEES FOR DAYS THEY DID NOT WORK

Central Carolina Community College (College) paid employees for 11 more holidays than commonly recognized by other state and county government entities during the 2017 fiscal year. As a result, the College paid employees \$862,424 for days they did not work. The Board of Trustees (Board) approved the holiday calendar with an excess number of holidays as an employee benefit and recruiting tool. The lack of a State Board of Community Colleges (State Board) holiday policy allowed the Board to approve excess holidays. Employees of state agencies, surrounding counties, universities, and public schools all receive 12 paid holidays each year.

College Granted Employees 11 Extra Holidays

During fiscal year 2017, the Board approved a holiday calendar that recognized a total of 23 paid holidays, 11 more paid holidays than those received by state and county employees. The College provided extra holidays as follows:

- July 5, 2016 (extra day after Independence Day)
- November 8, 2016 (Election Day)
- November 23, 2016 (extra day before Thanksgiving)
- December 19, 2016 through December 22, 2016 and December 28, 2016 through December 30, 2016 (seven extra days during Winter Break)
- April 17, 2017 (Easter Monday)

Resulted in Paying Employees \$862,424 for Days They Did Not Work

The Board's approval of the College holiday calendar resulted in employees receiving \$862,424 in excess holiday payments for 11 extra days they did not work and did not take paid leave.

Caused by Lack of Prohibition or Guidance by State Board and College Board Asserting Implied Authority

The granting of extra paid holidays resulted from the lack of a State Board policy specifying the number of paid holidays and the lack of recent guidance from the State Board on the appropriate number of holidays. Therefore, the College's Board believed it had proper authority to set the number of paid holidays.

Lack of Prohibition or Guidance by State Board

The State Board did not prohibit the College's decision to grant excess holidays or provide guidance on appropriate holiday policies. The Community College System Office (System Office) Chief of Staff explained that the State Board does not have a formal policy that explicitly specifies holidays although the State Board does have other human resource policies.

When a prior question arose about the appropriate number of leave days and holidays in 2003, the President of the North Carolina Association of Community College Presidents sent all community college presidents a memorandum. That memorandum recommended all

colleges follow the State's leave and holiday policies. However, no evidence exists that the System Office followed-up on that guidance or attempted to enforce that recommendation.

In 2014, the College's Vice President e-mailed the System Office requesting guidance for the allowable number of holidays in a year. However, the College's Vice President said the System Office did not respond to the request. System Office representatives believe a verbal response was provided to the College.

Despite the above notifications that some community colleges may be providing extra holidays, neither the State Board nor System Office took action. The State Board and System Office did not provide clarification of the holiday policy or guidance as to the appropriate number of holidays.

College Board Asserting Implied Authority

The College believed its Board had the authority to set the number of paid holidays. The College's Policies and Procedures Manual states, "The college will grant full-time permanent or probationary employees and part-time employees holidays as approved by the Board of Trustees." College management said the Board provided extra holidays as an employee benefit and recruiting tool.

Paid Holidays Received by State and County Employees

The State of North Carolina, the three counties in which the College operates, the University of North Carolina System, and North Carolina public schools all paid employees for 12 holidays each year. The guidance provided by the following entities established the reasonableness for the number of holidays the College should have recognized.

State Agencies

The Human Resources Act⁵ addresses the legal holidays paid to state employees. According to the Act, the State provides 12 paid holidays per year including three days at Christmas.

Counties in which the College Operates

The College operates campuses in Chatham, Harnett, and Lee counties. These counties provide financial support to the College. These three counties each recognize 12 paid holidays for their employees.

University of North Carolina System

The University of North Carolina System (University System) allows individual universities flexibility in establishing holiday calendars. However, the number of paid holidays are limited to the same number as established by the Office of State Human Resources (OSHR). During fiscal year 2017, OSHR established 12 paid holidays. The University System requires that employees use paid leave or accrued compensatory time for any additional days the universities are closed.

⁵ North Carolina General Statute, § 126-4.(5)

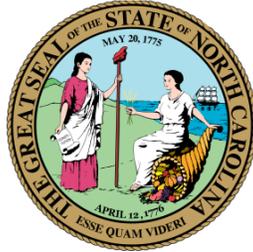
North Carolina Public Schools

According to the Benefits and Employment Manual,⁶ “Permanent public school employees receive pay for the same number of legal holidays occurring within the period of employment as those designated by the State Personnel Commission for State employees...Paid holidays are granted only to employees who are in pay status through the day on which the holiday is scheduled...With the exception of Veteran’s Day, the local board of education determines when holidays are scheduled in the school calendar.”

RECOMMENDATIONS

- The State Board of Community Colleges should adopt a new rule requiring all community colleges to conform with the OSHR holiday policy
- The Community College System Office should ensure that all community colleges comply with the new rule to be adopted by the State Board of Community Colleges
- The Central Carolina Community College Board of Trustees should adopt a holiday policy that conforms to the new State Board holiday policy

⁶ North Carolina Public Schools Benefits and Employment Policy Manual, 2.1



MATTERS FOR FURTHER CONSIDERATION

Subsequent to the start of this investigation, investigators discovered that other community colleges might also provide extra holidays. North Carolina Community College System officials confirmed that likelihood.

As a result, investigators contacted the other 57 North Carolina community colleges to determine their holiday policies and the number of holidays provided. Table 1 reflects the number of holidays or similar paid time off granted at each community college. Investigators determined that 32 of the 58 (55.2%) community colleges appear to provide employees with extra paid holidays above the standard 12 holidays provided to state employees.⁷

As noted in the report, the State Board of Community Colleges (State Board) has not adopted a policy that limits the number of paid holidays that colleges may provide. The State Board should consider adopting a policy that limits each college to 12 paid holidays as provided to other state employees.

⁷ Based on information provided to investigators by representatives of each community college.

**Table 1
Holidays for all 58 Community Colleges during Fiscal Year 2017⁸**

College	Number of Paid Days in Fiscal Year 2017	Comments
Alamance Community College	12	College does not observe Veteran's Day but instead granted extra holiday at Christmas.
Asheville-Buncombe Technical Community College	17	Policy provides for 15 to 18 holidays depending on the year.
Beaufort County Community College	12	Employees use leave or are unpaid on additional days the college is closed around winter holidays.
Bladen Community College	12	College does not observe Veteran's Day or Memorial Day but instead granted two extra holidays during Winter break.
Blue Ridge Community College	12	Additional days during which the college closed over winter break require employees to take leave.
Brunswick Community College	16	The college granted three days for Christmas, three extra days at Christmas from the President, and one extra day at Thanksgiving.
Caldwell Community College and Technical Institute	13	College provided an extra day or two at Christmas for a total of 13 or 14 days depending on which day of week Christmas falls.
Cape Fear Community College	11	Employees do not receive Veteran's Day.
Carteret Community College	14	College provides an extra day at Easter and two extra days at Christmas but does not observe Veteran's Day.
Catawba Valley Community College	15	College granted four extra days at Christmas but did not observe New Year's Day.
Central Carolina Community College	23	Additional days at Independence Day, Election Day, Thanksgiving, Winter Break, and Easter.
Central Piedmont Community College	14	College provided three extra days during Winter Break but did not observe Veteran's Day.
Cleveland Community College	12	College provided two extra days at Christmas but did not observe Memorial Day or Veteran's Day.
Coastal Carolina Community College	12	Aligned with state holiday calendar.
College of The Albemarle	12	College does not observe Veteran's Day but instead granted extra holiday during Winter break.
Craven Community College	16	College provided four extra days during Christmas break.

⁸ Based on information provided to investigators by representatives of each community college.

College	Number of Paid Days in Fiscal Year 2017	Comments
Davidson County Community College	12	College requires employees either work or charge vacation leave for two additional days college closed during Christmas holidays.
Durham Technical Community College	16	Employees do not receive Veteran's Day, but receive an extra day at Easter and four extra days at Christmas.
Edgecombe Community College	12	Employees do not receive Veteran's Day, but receive an extra day at Easter. The college closed dates in December require annual leave.
Fayetteville Technical Community College	12	College does not observe Veteran's Day but instead granted extra holiday during Winter break.
Forsyth Technical Community College	16	Employees are granted four additional days during Winter break.
Gaston College	15	Calendar identifies 17 holidays, but only 15 are paid. Employees are required to use leave or take the two additional days as unpaid.
Guilford Technical Community College	12	Policy stated 12 holidays and other days during Christmas break will be designated as mandatory leave.
Halifax Community College	18	The Board approved an extra day at Easter, an extra day at Thanksgiving, and four extra days at Christmas/New Year's.
Haywood Community College	15	College provided three extra holidays at Christmas with these six holidays identified as two "state" and four "local" holidays.
Isothermal Community College	13	College provided an extra day at Thanksgiving, an extra day at Easter, but does not recognize Veteran's Day. Employees required to use leave on four additional days college closed during Winter break.
James Sprunt Community College	12	College does not observe Veteran's Day but provides extra day at Christmas. Two additional days at Christmas require use of compensatory leave and/or vacation leave.
Johnston Community College	12	College does not observe Veteran's Day but instead granted extra holiday at Christmas.
Lenoir Community College	14	College does not observe Veteran's Day but granted three extra holidays during Winter break. Employees required to use annual leave for three more days during Winter break.
Martin Community College	12	College does not observe Memorial Day but provides an extra day at Easter. Employees must use annual leave during additional five days college closed during Christmas break.

MATTERS FOR FURTHER CONSIDERATION

College	Number of Paid Days in Fiscal Year 2017	Comments
Mayland Community College	19	College provided seven extra paid holidays during Christmas break.
McDowell Technical Community College	20	College provided an extra day at Easter and seven extra days during Winter break.
Mitchell Community College	12	College does not observe Good Friday, Memorial Day, or Veteran's Day and instead provides three extra days at Christmas.
Montgomery Community College	13	College does not observe Veteran's Day but provided extra day at New Year's. Board also provided an extra day at Christmas in 2016.
Nash Community College	14	College provided two extra holidays at Christmas. Employees required to use annual leave for four additional days during Christmas break.
Pamlico Community College	12	College does not observe Veteran's Day but instead granted an extra holiday at Christmas. Employees must use leave for any additional days college closed during Christmas break.
Piedmont Community College	12	Employees must use leave for any additional days college closed during Christmas break.
Pitt Community College	16	College does not observe Veteran's Day but instead granted an extra holiday at Christmas. Five "maintenance shut down" days granted between December 26 and December 30, which do not count against employees' leave balances.
Randolph Community College	17	College provides an extra day at Christmas and four extra days at Independence Day.
Richmond Community College	12	College does not observe Veteran's Day but provides an extra day at Thanksgiving. Employees required to use annual leave during four additional days college closed at Christmas.
Roanoke-Chowan Community College	14	College does not observe Veteran's Day but provides three extra days at Christmas.
Robeson Community College	12	College does not observe Veteran's Day but provides an extra day at Easter. Vacation leave is required for additional five days college closed at Christmas.
Rockingham Community College	14	College did not observe Veteran's Day but provided an extra day at Easter and two extra days at Christmas.
Rowan-Cabarrus Community College	11	Policy does not identify a specific number. College identified that Thanksgiving and Christmas are recognized as two days each. Annual leave is required for days college closed during winter break.

College	Number of Paid Days in Fiscal Year 2017	Comments
Sampson Community College	12	Employees required to use annual leave for additional days college closed at Christmas.
Sandhills Community College	11	College only provided two holidays at Christmas instead of three.
South Piedmont Community College	19	College does not observe Veteran's Day but provided an extra day at Thanksgiving and seven extra days at Christmas.
Southeastern Community College	15	College does not observe Veteran's Day but provide an extra day at Thanksgiving, an extra day at Easter, and two additional days at Christmas. Employees must use annual leave during five additional days at Christmas.
Southwestern Community College	16	College does not observe Veteran's Day but provides an extra day at Memorial Day and four extra days at Christmas.
Stanly Community College	14	College does not observe Veteran's Day but provides an extra day at Easter and two extra days at Christmas.
Surry Community College	19	College provided seven extra days at Christmas.
Tri-County Community College	16	College provides an extra day at Easter and three extra days at Christmas.
Vance-Granville Community College	12	Employees must use annual leave for additional days college closed at Christmas.
Wake Technical Community College	12	College provides an extra day at New Year's but one less day at Christmas. Employees must use annual leave for other days college closed at Christmas.
Wayne Community College	12	Employees must use vacation leave for additional days college closed at Easter and Thanksgiving.
Western Piedmont Community College	16	The College provided four extra days at Christmas.
Wilkes Community College	13	College does not observe Veteran's Day but instead provides an extra day at New Year's. Employees use annual leave during additional days college closed at Christmas.
Wilson Community College	15	College does not observe Veteran's Day but instead provides four extra days at Christmas.



RESPONSE FROM CENTRAL CAROLINA COMMUNITY COLLEGE



Chatham Main Campus

764 West Street
Pittsboro, NC 27312-8822
(919) 542-6495

Harnett Main Campus

1075 E. Cornelius Harnett Blvd.
Lillington, NC 27546-7672
(910) 893-9101

Lee Main Campus

1105 Kelly Dr.
Sanford, NC 27330-9840
(919) 775-5401

Central Carolina Community College Response
January 10, 2018

The Central Carolina Community College Board of Trustees appreciates the opportunity to respond to the draft investigative report dated January 2018.

We agree with the report findings that no guidance currently exists related to allowable number of holidays that community college boards of trustees may grant. Thus, Central Carolina Community College (CCCC) stands by its belief that it has not violated any rules or laws.

Prior to making the decision to offer additional holidays, college staff members reviewed all applicable State Board Code and General Statutes related to holidays. Based on the lack of guidance, the CCCC Board of Trustees felt they had the authority to determine an appropriate number of holidays for employees. Thirty other community colleges were also mentioned in the report as offering additional holidays to their employees.

The additional holidays were offered to CCCC employees as a means of rewarding their outstanding work and commitment to the College. We are a top-performing college in the nation, and it is the work and dedication of our employees that makes this possible.

The College began exploring ways to compensate employees for their hard work, but were not able to provide compensation through salary increases. Based on a review of pertinent rules and laws, we felt additional paid holidays could be used. The value of these holidays would equate to an approximate 4.2 percent increase in salary for our employees. We did not hire additional staff or reduce responsibilities for any employees when the additional holidays were added. Employees were required to complete the same amount of work in fewer workdays.

On August 9, 2017, two representatives of the Office of the State Auditor provided an update of their investigation. They verbally related that they could find no rule or law or any written guidance from the State Board of Community Colleges relating to the number or approval of holidays for community college employees. When CCCC officials asked about continuing the practice of awarding holidays beyond the number approved for state employees, the verbal recommendation from Office of State Auditor officials was to discontinue the practice because it was inconsistent with state and county entities. The CCCC administration asked the CCCC Board of



Trustees to review the practice and to change the college holiday calendar to reflect only state employee holidays. The CCCC Board of Trustees approved these changes at their next meeting.

The CCCC Board of Trustees has always wanted to operate within rules and regulations as required; however, in this instance, there were no rules and regulations. Once the North Carolina Community College System adopts new rules, Central Carolina Community College will ensure that we maintain compliance within those rules.

A handwritten signature in blue ink, reading 'H. Julian Philpott, Jr.', is written over a faint, illegible printed name.

H. Julian Philpott, Jr.
Chairman, Central Carolina Community College Board of Trustees

Chatham Main Campus

764 West Street
Pittsboro, NC 27312-8822
(919) 542-6495

Harnett Main Campus

1075 E. Cornelius Harnett Blvd.
Lillington, NC 27546-7672
(910) 893-9101

Lee Main Campus

1105 Kelly Dr.
Sanford, NC 27330-9840
(919) 775-5401



RESPONSE FROM THE STATE BOARD OF COMMUNITY COLLEGES



North Carolina
State Board of Community Colleges
Mr. Scott Shook, Chair

January 10, 2018

The Honorable Beth Wood
State Auditor
20601 Mail Service Center
Raleigh, NC 27699-0601

Dear Ms. Wood:

The State Board of Community Colleges and the North Carolina Community College System appreciate your office's investigation of this complaint, and accept the findings and recommendations contained in the audit report.

Even though community colleges are managed by local boards of trustees, most employees' salaries are paid with State funds and, as such, community colleges should conform with certain expectations and norms. It is not good public policy for community colleges to offer more paid holidays than the State government standard, and the State Board intends to correct this issue through rulemaking.

As recommended in the audit report, the State Board will develop and adopt a rule requiring that community colleges conform with the state government standard of 12 paid holidays. The board will act so this rule can be effective at the earliest practicable date.

Once the rule is adopted, the System Office will monitor community colleges to ensure compliance with the rule.

Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Shook".

Scott Shook, Chairman
State Board of Community Colleges

A handwritten signature in black ink, appearing to read "Jennifer Haygood".

Jennifer Haygood, Acting President
North Carolina Community College System

200 West Jones Street ♦ Raleigh, North Carolina 27699-5005 ♦ (919) 807-7100

AFFIRMATIVE ACTION/EQUAL OPPORTUNITY EMPLOYER

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

Telephone: 919-807-7500
Facsimile: 919-807-7647
Internet: <http://www.ncauditor.net>

To report alleged incidents of fraud, waste or abuse in state government contact the
Office of the State Auditor Fraud Hotline: **1-800-730-8477**
or download our free app.



<https://play.google.com/store/apps/details?id=net.ncauditor.ncauditor>



<https://itunes.apple.com/us/app/nc-state-auditor-hotline/id567315745>

For additional information contact:
Brad Young
Director of External Affairs
919-807-7513



This investigation required 323.5 hours at an approximate cost of \$33,320.50.