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**Review Of  
Selected Areas Of Financial And  
Property Administration  
Of Federal City College** B-167006

District of Columbia Government

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**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

OCT. 27, 1971

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B-167006

Dear Mr. Scherle:

By letter dated July 12, 1971, you requested that the General Accounting Office review selected areas of financial and property administration of Federal City College, Washington Technical Institute, and District of Columbia Teachers College. This is our report on Federal City College. In accordance with an agreement reached with your office, the report is based on two earlier reviews at Federal City College completed in August 1969 and March 1971, respectively.

Reviews at Washington Technical Institute and District of Columbia Teachers College are in process. A report on our findings at these two institutions will be issued to you as soon as possible.

#### ADMINISTRATION OF CERTAIN FUNDS

Our reviews showed that college funds were being maintained in three commercial bank accounts. We believe that the enabling legislation for the college required that the funds deposited in two of the accounts be deposited in the U.S. Treasury. Although establishment of the other account was authorized by law, the funds deposited in it were not controlled and accounted for in the same manner as other obligations and disbursements of the District of Columbia, contrary to requirements.

Federal City College:  
Urban Higher Education Fund

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Section 103a(9) of the District of Columbia Public Education Act, as amended, approved November 7, 1966 (31 D.C. Code 160a(9)), provides, in part, that:

"The Board is vested with the following powers and duties:"

\* \* \* \* \*

"To accept services and moneys, including gifts or endowments, from any source whatsoever, for use in carrying out the purposes of this title. Such

or in the college's U.S. Treasury trust account. The president stated that no formal solicitation program for gifts had been initiated by the college or by the corporation. He indicated that the corporation planned to organize a solicitation campaign but that the college had no such plans.

In enacting section 103a(9), the Congress prescribed the method by which gifts might be received, deposited, and expended by the Board of Higher Education to help meet the financial needs of Federal City College which, under the same statute, had been placed under the control of the Board. Thus the Congress restricted by statute the manner in which gifts might be accepted by the college. Accepting such gifts in the name of the corporation was at cross-purposes with the statute and therefore should not be continued.

#### Student Government Association Fund

Section 103a(7) of the District of Columbia Public Education Act, as amended, states that:

"The Board is vested with the following powers and duties:"

\* \* \* \* \*

"To fix, from time to time, fees to be paid by students attending the Federal City College. Receipts from such fees shall be deposited into a revolving fund in a private depository in the District, which fund shall be available, without fiscal year limitations, for such purposes as the Board shall approve. The Board is authorized to make necessary rules respecting deposits into and withdrawals from such fund."

Section 105 of the act states that:

"All obligations and disbursements for the purpose of this title shall be incurred, made, and accounted for in the same manner as other obligations and disbursements for the District of Columbia and, except as provided in paragraph (9) of section 103 of this title, under the direction and control of the Commissioner."

On December 19, 1968, the Board of Higher Education authorized the Student Government Association to charge a student activity fee no higher than \$7.50 a student for each quarter.

Our review showed that the Board authorization concerning the charging of student activity fees had made no reference to procedures for the collection or disbursement of the fees.

Our examination of the accounting records of the Student Government Association in October 1970 showed that the records consisted of checkbooks, canceled checks, bank statements, and paid and unpaid invoices. A formal set of books was not maintained. We were informed by the accountant of the Student Government Association that no record of obligations incurred had been kept and that disbursements had been made on the basis of invoices and had not been supported by purchase orders or receiving reports.

We found no evidence in the legislative history of the District of Columbia Public Education Act that funds accumulated under subsection 103a(7) were intended to be excepted from the accounting and control requirements stipulated by section 105 of the act.

Thus, under the language of section 105 of the act, the Student Government Association Fund must be accounted for in the same manner as other obligations and disbursements of the District of Columbia and must be under the direction and control of the Commissioner of the District of Columbia.

We discussed these matters with the college president who indicated a willingness to help the students establish adequate accounting records but who did not agree that the funds should be under the control of the Commissioner. He stated that he had requested the District's Office of Municipal Audits to make an audit of the Student Government Association Fund.

Subsequent to our discussion with the president, we were informed by the District's Associate Director for Municipal Audits that, before his Office could start its audit, most of the existing records were stolen and that therefore the audit had not been made. On January 14, 1971, we were informed by a college official that all financial activities of the Student Government Association had been temporarily assumed by

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the college's financial office pending a policy decision of the chairman of the Board of Higher Education as to their disposition.

Federal City College extension courses

Section 103a(6) of the District of Columbia Public Education Act, as amended, states, in part, that:

"The Board is vested with the following powers and duties:"

\* \* \* \* \*

"To fix, from time to time, tuition to be paid by students attending the Federal City College. \*\*\* Receipts from the tuition charged students attending the college shall be deposited to the credit of the General Fund of the District of Columbia."

On February 20, 1969, the Board of Higher Education approved a fee to be charged for extension courses on the basis of the number of hours that the classes met. We found that extension course fee receipts had been deposited in a private bank account and that disbursements had been made for the purpose of paying the classroom expenses and the salaries of extension course instructors.

During our first review we advised the chairman of the Board of Higher Education that, in our opinion, the fees charged for attending extension courses were, in fact, tuition and should have been deposited in the General Fund of the District of Columbia.

In commenting on our opinion, the chairman stated that these courses were a service to the community which the college administered but for which the participants bore the costs. He concluded that the payments would be more properly considered fees than tuition. The chairman indicated that, if the payments were required to be deposited in the U.S. Treasury, they would be unavailable to pay the expenses of the courses since the conjectural nature of the courses would make requests for appropriations for them very difficult, which would make it virtually impossible to provide this community service.

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On April 28, 1970, the District Corporation Counsel issued an opinion that the extension course payments were tuition and should be deposited in the U.S. Treasury.

In October 1970 we discussed this matter with the president of Federal City College. He stated that the college did not agree with the position of the District Corporation Counsel. He stated also that the funds in question were being kept in the private bank accounts pending the outcome of a request for another decision from the District Corporation Counsel.

We are in agreement with the position taken by the District Corporation Counsel. The term "tuition" is defined as a fee charged to a student at a college or university for (1) the privilege of attendance at the institution and (2) the price of, or payment for, instruction.

If there is no express intent to the contrary, words used in a statute are intended to be given their common meaning. Therefore we believe that payments made to the college for instruction in extension courses are tuition payments and, as such, are for deposit in the General Fund of the District of Columbia pursuant to subsection 103a(6) of the act.

#### TUITION COLLECTION

During our first review we concluded that the college had not exercised the control necessary to provide reasonable assurance that the correct amount of tuition had been paid. We found that the amount of tuition due from each student had been determined at the time of registration and had been based on the number of hours applied for. Generally this amount was paid by the student. At the time of payment, a tuition payment record and receipt card was prepared.

After registration a summary listing was prepared showing courses and credit hours for each student. This listing, however, was not later adjusted to show the credit hours added or dropped nor was the amount of tuition paid reconciled with the listing. Also the tuition payment record and receipt cards were not prenumbered and tuition deposits did not list either the individual payers or the amounts paid. Further we found that the tuition had been waived in at least 24 instances.

During our second review we found that Federal City College had made some progress in improving the control over tuition collection and that further corrective actions had been planned. For the fall 1970 quarter, the tuition-payment record and receipt cards were prenumbered and the tuition deposit tickets showed the payers and the amounts paid. College officials informed us that tuition was no longer waived, and during our review we found no evidence that waivers had been granted.

For the fall 1970 quarter, the college prepared a consolidated computer listing showing courses, credit hours, and total payments for each student. This listing showed also cases where the total tuition had been deferred. The listing, however, did not show a comparison of the amount of tuition owed with the amount of tuition paid. Also, at the time of our review, we were informed by a college official that the listing had not been revised to show courses added or dropped.

Our examination of 100 randomly selected student tuition payment record and receipt cards prepared during the fall 1970 quarter showed that the computer listing contained numerous errors. For example, some students for which there were tuition payment record and receipt cards were not shown in this listing and other students were shown in the listing as having paid no tuition when, in fact, they had.

Since the listing contained many errors and included only a total for fees collected--tuition, student activity fees, and health insurance payments--it was not practicable for the college, or for us, to ascertain whether all tuition due actually had been collected.

We were informed by college officials in December 1970 that many changes in tuition collection procedures were planned for registration for the winter 1970 quarter. They stated that the students would be required to preregister, after which the college would bill the students. The officials indicated that the amounts billed would have to be paid regardless of course changes. They indicated also that the method of handling course changes had not been determined. We were informed that the computer listing prepared for the winter 1970 quarter would compare the amount of tuition owed with the amount of tuition paid.

ACCOUNTABILITY FOR SUPPLIES AND EQUIPMENT

Our reviews showed that the college had not maintained adequate accounting controls over its supplies and equipment. Our first review showed that (1) equipment asset control accounts had not been established, (2) reliable inventories of supplies and equipment had not been taken, and (3) a listing of persons authorized to requisition supplies had not been prepared.

Our second review showed that deficiencies (1) and (2) still existed. That review showed also that, although a listing of persons authorized to requisition supplies had been prepared, college employees not on the list had made 69 percent of the requisitions during the period August 21 through September 28, 1970.

In December 1970 a contract was awarded to a private firm to take an inventory of the supplies and equipment. The college anticipated that, after the inventory was taken, it would be able to maintain adequate control over its supplies and equipment.

FUND CONTROL

The District's Office of Municipal Audits reviewed the status of the college's appropriated funds and the procedures for controlling such funds and, on June 20, 1969, issued a report which stated that the college's control of allotted funds was inadequate because (1) the responsibility for controlling obligations against allotments was not clearly fixed, (2) the obligations were incurred without knowledge of the availability of funds, (3) the monthly financial plan and status reports were not maintained, and (4) the established procedures for obligating funds were not followed.

In October 1970 we were informed by an official of the Office of Municipal Audits that his Office had not determined whether any actions had been taken by the college on those deficiencies. Our second review showed that, as recommended in the internal audit report, the college had established budgetary and fund controls to correct the deficiencies noted. Although we did not examine the application of these controls, we believe that the system established was adequate to control appropriated funds.

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In accordance with an agreement reached with your office, this report is based on data available to us at the time of our past reviews and has not been updated. Also District comments have not been obtained on the matters discussed in this report.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,



Comptroller General  
of the United States

The Honorable William J. Scherle  
House of Representatives

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