

OCC administrators defend fiscal management

Oakland Community College administrators don't agree with several state audit charges of sloppy financial management.

The audit's charge that OCC was not complying with the state appropriations act was challenged by President Robert Roelofs at last week's board of trustees meeting.

Roelofs said the law allows general fund money to be used for renovations which the college has done at its Orchard Ridge and Auburn Hills campuses.

The law prohibits general fund money to be used for the construction of buildings or any capital outlay project. The audit recommended the college "discontinue using general fund monies to finance capital outlay projects."

"If we're able to handle funds for major maintenance and renovation without a bond issue, that is good management," Roelofs said.

The State Auditor General's report on OCC finance and administrative management, issued in June, covered six years of college operations between 1972 and 1978.

SOME AUDIT recommendations,

such as hiring an internal auditor, re-bidding the college food service vendor contract, wider range investing and periodically bidding for insurance coverage, were seen by college administrators as either impractical, risky or resulting in higher costs.

OCC administrators don't agree that the school's administrative computer center, which contains valuable academic and financial records, lacks adequate security. The school also has an academic computer center.

"The auditors do not attempt to be practical with their concerns for security," said Controller Anthony Jarson in a 19-page response to the state audit.

"Access to the computer room is restricted, but to a practical extent."

State auditors recommended the college install a combination lock on the computer center door after they "observed times when no one was in the unlocked computer center."

College officials said the man computer door has a lock and that security was being reviewed with the purchase of a larger computer system.

The college agreed it needs an ade-

quate smoke and heat detection system in its computer center.

STATE AUDITORS recommended OCC could gain more interest revenues if its surplus funds were invested in prime commercial paper as well as bank savings accounts and certificates of deposit. Commercial paper is an unsecured corporate I.O.U., such as those issued by General Motors and Ford Motor Co.

Roelofs said the recommendation "ignores cash flow problems." The most available commercial paper recently has been issued by the financially troubled Chrysler Corp., Roelofs said.

"I don't think I need to say a whole lot more than that."

Jarson said in his prepared responses that the college's primary concern in investing is the safety of its funds.

The college hasn't requested competitive bids for insurance since 1971, according to the audit, which recommended periodic bidding and guidelines for interim negotiation of insurance renewals.

"Repetitive bidding would be very upsetting to our insurance program," Jarson said. "Bids are sought on any insurance coverage when changes are prepared which would seriously alter our costs and/or coverage."

Regarding the college's 44 percent delinquency rate on National Direct Student Loans, Roelofs said the federal government has been "very satisfied" with OCC's administration, "including collecting repayment."

Jarson said the college has been giving more emphasis to exit interviews with federal student loan recipients, which are required by law. At the interview, students are to be given a repayment schedule and reminder of their responsibility, the state audit said.

"We no longer need additional federal money to operate the NDLS program," Jarson said. "Loans to students are now being made from pay backs from former students."

THE AUDIT said lack of an OCC written packaging policy concerning financial aid "has resulted in overawards, underawards and students with

similar financial need receiving different amounts and types of aids."

Jarson's response: "The college has a packaging policy that is as uniform as possible. We are, however, moving toward automating packaging, which will result in a more uniform approach."

The audit strongly recommends OCC hire an internal auditor which board of trustees chairwoman Lila Johnson called, "a practical suggestion," considering the amount of money the college handles.

But the administration doesn't consider hiring an internal auditor to be a priority.

"I feel we're thoroughly audited already," Roelofs said.

Jarson said the college is audited annually by an outside firm and by the federal Department of Health, Education and Welfare, Oakland County and various state agencies.

"Our internal control levels are very high," his report added.

"Creating an internal auditor won't change what the auditor general finds," Jarson told the trustees. He said some

of the state audit's recommendations "aren't practical for us to implement."

Consideration of an internal auditor was placed on the board's October agenda.

Jarson's response to the audit, prepared for Roelofs and distributed to trustees in June, showed OCC agreed or was complying with nearly half of the auditor general's recommendations.

Mrs. Johnson said the audit should "lay plans for improvement rather than trying to pin blame on anyone."

"It's a shame the news media don't realize that," Roelofs added.

Clarification

In the Aug. 16 edition of the Observer & Eccentric, Oakland Community College President Robert Roelofs was incorrectly quoted as saying he sees only modest tuition increases ahead and doubts a property tax increase is necessary. The sentence should have read that Roelofs says he doubts the property tax increase is likely.

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