NEW COLLEGE OF FLORIDA

INTERNAL AUDIT PROCEDURES

AS OF OCTOBER 24, 2008

CPA ASSOCIATES
Certified Public Accountants and Consultants

Audit Committee
New College of Florida
Sarasota, Florida

We have performed the procedures noted below, which were determined in conjunction with New College of Florida, solely to assist with a determination of the strengths, weaknesses, and compliance with the College's internal control structure. New College is responsible for the accounting system and its related internal control structure.

We have not performed an audit of financial statements, nor of the internal control system as a whole. Rather, we have performed certain procedures, functioning as the College's internal auditors, as specified in our engagement letter dated May 30, 2008, in the following areas:

Business Office:	Due From State Electronic Funds Transfer Net Assets
Student Alliance:	Allocations
Human Resources:	Fingerprinting and Background Checks

Our procedures and findings were as follows:

BUSINESS OFFICE: DUE FROM STATE--PUBLIC EDUCATION CAPITAL OUTLAY (PECO) FUNDS

An understanding of procedures related to PECO funds due from the state was obtained and tests were performed to determine:

- PECO funds are being used for appropriate expenses in conjunction with the Capital Improvement Plan;
- PECO expenses are valid expenses based on approved appropriation funding from the state;
- PECO expenses are properly posted to the correct fund;
- PECO expenses are supported by approved purchase orders and copies of checks.

Procedures Performed

- Selected fifteen (15) PECO expenses paid during July 1, 2007 through June 30, 2008, and verified expense to invoice, approved purchase order, and copy of check issued.
- Reviewed expense paid to ensure expense was a proper PECO expense and charged to the correct project.

Members: ■ American Institute of CPA ■ Private Companies Practice Section ■ Florida Institute of CPA

Results of Review:

Appears that procedures for PECO funds are adequate. No exceptions noted.

BUSINESS OFFICE: ELECTRONIC FUNDS TRANSFER

We looked at electronic fund transfers and performed certain tests for the purposes of determining:

- College procedures for electronic funds transfers are being followed on a consistent basis;
- Supporting documentation exists for the transfers;
- Transfers are initiated and approved by authorized employees with supporting documentation of procedure;
- Posting of transfers in bank account are done in a timely manner based on date of supporting documentation
- Transfers are posted to the proper general ledger accounts and posted in a timely manner;
- Transfer type appears reasonable based on College activity.

Procedures Performed

Selected fifteen (15) electronic funds transfers, with the sample including wire transfers, telephone transfers, electronic fund transfers and ACH transfers, and reviewed for the following:

- Transfer was initiated, approved, and released by an authorized person;
- Transfer was posted to the bank account and appropriate general ledger account in a timely manner;
- Documentation existed for transfer and is properly supported, and transfer appears reasonable based on college operations.

Results of Review:

Electronic transfer procedures appear adequate. No exceptions noted.

BUSINESS OFFICE: NET ASSETS--PUBLIC EDUCATION CAPITAL OUTLAY

We looked at restricted net assets as of June 30, 2008, to determine:

- PECO funds received are properly being classified as restricted when encumbered;
- Proper procedures are in place for transfer of PECO funds from restricted to unrestricted when PECO expenditures are paid;

Procedures Performed:

- Agreed all new PECO encumbrances for the June 2008, fiscal year to the disbursement request reports showing authorized encumbrances and expenses fully expended and approved for payment;

- Reviewed new encumbrances and expenditures of restricted net assets from July 1, 2007 through June 30, 2008, to ensure net assets were properly restricted and released based on PECO reports.
- Verified ending balance of restricted net assets to the general ledger balance as of June 30, 2008.

Results of Review:

PECO restricted net assets appear properly stated. No exceptions noted.

STUDENT ALLIANCE: ALLOCATIONS

We looked at student allocations to determine:

- Allocation of tuition funds to Activities and Services (A&S) and the Health and Fitness center are properly allocated based on approved rates;
- Amount billed to the University of South Florida-Sarasota/Manatee for joint allocations is properly approved and appears reasonable;
- Allocations made to students from the council of academic affairs are supported by completed request forms and properly approved.

Procedures Performed

- Recalculated allocations of tuition made to the A&S, Health, and Fitness areas based on credit hours and approved fees;
- Reviewed joint allocation with the University of South Florida-Sarasota/Manatee and verified allocations charged were within agreement and appeared reasonable;

Selected a sample of fifteen (15) allocations made by the Council of Academic Affairs to ensure:

- Request form was properly completed by student and contained the required information;
- Allocation was properly approved by faculty and noted in minutes;
- Verified amount of allocation granted agreed to check written to grantee;
- Reviewed total amount granted to total amount budgeted for reasonableness.

Results of Review:

Procedures for allocation appear adequate. No exceptions noted.

HUMAN RESOURCES: FINGERPRINTING AND BACKGROUND CHECKS

We looked at fingerprinting and background check procedures to be followed by the Human Resources Department for the purposes of determining;

- College procedures for fingerprinting of new employees are being followed on a consistent basis;

- The Human Resources Department is properly identifying all employees required to submit to fingerprinting and background checks;
- The Volunteer and Employee Criminal History System (VECHS) form is being signed by all required employees authorizing the College to perform the background check;
- Items appearing on background checks are being reviewed and noted according to College policy prior to hiring new employees.

Procedures Performed

- Obtained and documented an understanding of the fingerprinting and background check procedures;

Selected fifteen (15) employees hired from January 2008 through October 2008, and reviewed for the following:

- VECHS form signed by the employee approving the background check;
- Evidence of a background check with the Florida Department of Law Enforcement (FDLE) and the Federal Bureau of Investigation (FBI). Background checks serve as evidence of electronic submission of fingerprints.
- Exceptions noted on background checks were properly reviewed and approved by the appropriate College personnel;
- Receipt of background check occurred before the employee received their first paycheck.

Results of Review:

CPA Associates noted that the Human Resources Department is not maintaining a list of volunteers on campus per the background check testing. CPA Associates suggests the Human Resources Department maintain a volunteer listing to ensure all volunteers that may be working in positions of special trust are following fingerprinting and background check procedures.

College Response: *We agree. All departments/divisions will be required to submit the name and collateral information of all individuals who are deemed to be volunteers for the College, including identifying any volunteers who are serving in positions of special trust. Human Resources will maintain a summary list of volunteers and update it regularly, ensuring that volunteers who fit the special criteria are appropriately fingerprinted and background checked.*

NCF defines positions of special trust, responsibility and of a sensitive nature as follows:

1. *Working with minors or children as defined in the National Child Protection Act of 1993 as amended, or minors and children as defined as any person under age of 18, as mandated under Florida Statute section 827.01*
2. *Access to cash, credit card numbers and/or demand deposits.*

3. *Access to campus buildings as a result of being assigned building master keys.*
4. *Ability to complete final processing of payroll, investments or purchase orders.*
5. *Ability to access underlying codes or processing protocol supporting NCF ERP computer systems applications or complete final processing of ERP security access transactions.*

CPA Associates

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October 24, 2008