NEW COLLEGE OF FLORIDA INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

JUNE 2011

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Audit Committee New College of Florida Sarasota, Florida

We have performed the procedures enumerated below, which were agreed to by the Audit Committee and management of New College of Florida (the "College"), solely to assist the College with performing certain internal audit procedures. The College is responsible for the internal audit procedures and the internal audit function. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

I. BUSINESS OFFICE: CASH RECEIPTS

We performed a review of the cash receipts function and performed certain tests for the purposes of determining:

- Procedures for receipt of monies are being followed on a consistent basis;
- Proper receipts exist documenting information relating to the receipt of monies;
- A screen print of the student account is completed and the receipt number is written to document posting to Banner, if applicable;
- Receipts collected for the day are properly reported on the "Daily Receipt Report" which documents the total receipts, the bank deposit, and has initials of a preparer and reviewer:
- Total receipts reported on the "Daily Receipt Report" agree to the deposit slip and monies deposited in the bank account;
- Total credit card receipts reported on the "Daily Receipt Report" agree to the monies deposited in the bank account;
- Receipt is properly posted to student account in a timely manner, if applicable;
- Bank account reconciliations are prepared and properly reviewed.

Procedures Performed

Obtained and documented an understanding of the cash receipts process for all receipt types.

Selected seventeen (17) receipts relating to Summer and Fall 2010 semesters, including a sample from cash, check, credit card, and EFT receipts, and conducted the following procedures:

- Verified a proper receipt existed and was included in the total receipts for the day;
- Verified screen print was performed and receipt number was written on top;
- Reviewed "Daily Cash Receipts" report for the day of the receipt tested and traced all receipt types into supporting total receipt reports;
- Verified total receipts reported on the "Daily Receipt Report" agreed to the deposit slip and monies deposited in the bank account;
- Verified total credit card receipts reported on the "Daily Receipt Report" agreed to the monies deposited in the bank account;
- Verified proper review and approval of "Daily Cash Receipts Report";
- Reviewed monthly bank reconciliation for the months receipts were tested for proper completion and review;
- Verified timely posting of daily receipts to bank statement;
- Verified proper and timely posting of receipt to correct account, where applicable.

Prior and Current Findings:

No findings were noted during our reviews.

II. <u>BUSINESS OFFICE: CASH DISBURSEMENTS</u>

We performed a review of the cash disbursements function and performed certain tests for the purposes of determining:

- Procedures for disbursements of monies are being followed on a consistent basis;
- Checks are signed by an authorized individual;
- Purchase orders are properly obtained and approved by authorized employees;
- Invoices are properly approved and agreed to purchase orders;
- Expenses are charged against the proper vendor and posted to the correct general ledger account;
- Large variances from the purchase order to the final invoice paid are properly approved, if applicable.

Procedures Performed

Obtained and documented an understanding of the cash disbursement procedure.

Selected fifteen (15) disbursements from January 1, 2011 through May 31, 2011, and tested the following procedures:

- Ensured that a properly completed purchase order was generated and agreed to the invoice:
- A contract quote was obtained for any purchase orders greater than \$25,000;
- Approval was performed by an authorized employee(s) and properly documented on purchase order or within approval queue within Banner;
- Invoice was stamped and approved, agreed to the check, and the check was dated within a reasonable time of the invoice;
- Disbursement was posted to proper vendor and general ledger account;
- Checks were signed by authorized signors;
- Any large differences from the approved purchase order and actual amount paid noted proper additional approval obtained, if applicable.

Prior and Current Findings:

No findings were noted during our reviews.

III. BUSINESS OFFICE: BONDS PAYALBE

A review of bonds payable was conducted to determine:

- New bonds are properly supported by bond agreement and set up according to terms;
- Bond covenants are being monitored and reported to management;
- Bond holders are being paid in accordance with bond agreement;

Procedures Performed

- Mauldin & Jenkins confirmed there were no new bonds for the review period;
- Reviewed existing bonds for covenants and verified college is monitoring and adhering to the covenant requirements;
- Selected four (4), months, October 2010, December 2010, February 2011 and April 2011, bond account activity and verified activity on bank statements were properly recorded in the general ledger accounts.

Prior and Current Findings:

No findings were noted during our reviews.

IV. OFFICE OF ADMISSIONS: COLLEGE ADMISSIONS

A review of the office of admissions policies and procedures related to student enrollment was performed to determine the following:

- Admittance of students is done within admission guidelines;
- Proper documentation is being maintained in student files;
- Admission fees are being accurately charged and properly posted to student accounts;
- Applicant information is properly entered into the Recruitment Plus database;
- Policies for denied students are being followed.

Procedures Performed

Selected ten (10) students who applied for the Spring or Fall 2010 terms and performed the following procedures:

- Inquired of management and staff regarding processes for admission of students;
- Reviewed student files to ensure proper documentation is being maintained;
- Determined that admission fee was correctly charged to student accounts in Banner and received prior to evaluation;
- Compared student name and application status from the applicant listing to information listed in the Recruitment Plus database;
- Ensured that all application requirements were checked as complete in the Recruitment Plus database.
- Verified that the application decision listed in the Recruitment Plus database agreed with the decision in the applicant listing that was mailed to the applicant.
- For denied applicants, we verified the denial letter was sent in a timely manner.

Prior and Current Findings

No findings were noted during our reviews.

V. COLLEGE AUXILIARY OPERATIONS: CASH RECEIPTS

A review of the College's auxiliary operations was reviewed for the following departments:

- Bike Shoppe
- Campus Space Scheduling
- Fitness Center
- Four Winds Cafe
- Parking Services

We performed a review of the auxiliary cash receipts function and performed certain tests for the purposes of determining:

- Procedures for receipt of money are in place and provide proper segregation of duties;
- Revenue from auxiliary cash receipts is being properly recognized.

Procedures Performed

• Obtained and documented an understanding of the cash receipt process for all auxiliary cash receipts.

Selected nineteen (19) auxiliary receipts during the period of January 1, 2011 through May 31, 2011, semesters and determined the following:

- College procedures for receipt of monies are being followed on a consistent basis;
- Proper receipt exists documenting information relating to the receipt of monies;
- A screen print of the student account is completed and the receipt number is written to document posting to Banner, if applicable;
- Receipts collected for the day are properly reported on the "Daily Receipt Report" which documents the total receipts, the bank deposit, and has initials of a preparer and reviewer;
- Total receipts reported on the "Daily Receipt Report" agree to the deposit slip and monies deposited in the bank account;
- Receipt is properly posted to student account in a timely manner, if applicable;
- Bank account reconciliations are prepared and properly reviewed.

Current Findings:

06-11-001 It was noted for three receipts, out of a sample of five, that the Four Winds Café deposit transmittal form was signed by the Four Winds Café employee but not approved by the business office as noted in the procedures.

College Response: We agree. We have adjusted our training and procedures such that all deposits from campus departments which are accepted at the Business Office will be signed by a business office employee signifying the monies listed on the deposit form are the monies being transferred to the Business Office for depositing.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to management.

This report is intended solely for the information and use of New College of Florida Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Mauldin & Jenkins, LLC

August 3, 2011