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

JUNE 2012

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CERTIFIED PUBLIC ACCOUNTANTS, LLC

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 performed 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 2011 and Spring 2012 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.

Findings

None

II. BUSINESS OFFICE: CASH DISBURSEMENTS

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 with 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, 2012 through May 31, 2012, and tested the following procedures:

- Ensured that a properly completed purchase order was generated and agreed with 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 with the check; check was dated within a reasonable amount of time from the date of 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 with proper additional approval obtained, if applicable.

Findings

None

III. CAPITAL ASSETS: ADDITIONS/PURCHASES

A review of capital asset purchases was conducted to determine:

- Capital asset purchases are properly classified, supported by adequate documentation, and properly approved;
- Useful lives assigned to assets are reasonable and consistent;
- Capitalized cost of assets agrees to supporting documentation and College policy;

Procedures Performed

Reviewed invoices for fifteen (15) assets purchased from July 1, 2011 through May 31, 2012, to ensure they properly support the cost recorded on the fixed asset property report;

- Verified assets purchased were properly classified in the correct general ledger account;
- Reviewed invoices to ensure purchases of assets are properly supported and amount is properly recorded in the general ledger;
- Reviewed life of asset stated on fixed asset property report for reasonableness;
- Verified purchase of asset was approved and asset was properly capitalized based on college's property and equipment policies;
- Reviewed June 30, 2011, financial statements and verified fixed asset lives agree with those stated in the fixed asset property report.

Findings

None

IV. CAPITAL ASSETS: RETIREMENTS/DISPOSALS

A review of capital asset disposals and retirements was conducted to determine:

- Disposal of assets is being conducted per college policies;
- Disposals are supported by a properly signed and approved "Request for Property Removal" Form;
- Gain/loss on disposals are properly calculated and posted in a timely manner;
- Asset tags are being collected to ensure the correct asset is disposed of and recorded in the proper general ledger account;
- Assets removed for the Board of Governor's new threshold policy changes are in compliance with new policy.

Procedures Performed

- Selected ten (10) disposals and agreed information to the "Request for Property Removal" Form to a properly cancelled asset tag and the disposal report from Banner and re-calculated gain/loss, if applicable;
- Verified that Request for Property Removal Form was signed and approved by the designated Custodian or Equipment Manager and the Associate Controller;
- Verified that a properly cancelled asset tag was included in disposal paperwork;
- Verified asset was properly removed from the general ledger.
- Verified eight (8) assets removed for the threshold change were properly removed from the fixed asset listing based on the new capitalization policies.

Findings

06-01-2012: The gain on sale for one asset that was sold was not recorded in the correct general ledger account.

College Response: We agree. While the sale of the asset was included in the College's accounting system, a correct account was not utilized. A correction has been made and the sale is now properly recorded.

V. CAPITAL ASSETS: DEPRECIATION

A review of capital asset depreciation was conducted to determine useful lives being used to depreciate assets are reasonable and accumulated depreciation is being properly calculated.

Procedures Performed

- Selected fifteen (15) assets to evaluate if the depreciable lives appeared reasonable based on the type of asset;

- Reviewed life of assets stated on the capital asset property report for reasonableness and compared to the 2011 financial statements to verify lives are consistent with those stated in the property report;
- Recalculated accumulated depreciation on the same fifteen (15) assets to ensure depreciation is being properly calculated.

Findings

None

VI. CAPITAL ASSETS: INVENTORY

A review of the inventory "attractive asset" policies and procedures was conducted to determine that the College is in compliance with regulations:

- Assets between $1,000 and $5,000 are kept on an inventory list by department;
- Assets are physically present and if off-site the appropriate form is completed;
- Assets are properly tagged.

Procedures Performed

Selected forty (40), two assets per department, from the inventory listings provided to us and maintained by each department and performed the following:

- Verified that the asset cost is under $5,000;
- Inspected the asset and agreed to the description on the listing;
- Reviewed the "Off-Campus Use Permit" for assets that were not on-site and verified proper completion;
- Verified that the tag on the asset matched the tag on the inventory listing.

Findings

06-02-2012: There were five (5) attractive assets that did not have an asset tag affixed to them. Two (2) in the Humanities Department, and one (1) in each of the following departments: CWC, Police and Admissions and Financial Aid.

College Response: We agree. The College will re-address the training and procedures to be followed for attractive assets at our next monthly fiscal liaison meeting on September 12, 2012, to ensure that all fiscal liaisons are aware of the importance and attention that must be paid to the details of accounting for attractive assets.

06-03-2012: One asset in the Student Government Department could not be located and the required "Off–Campus Use Permit" Form was not on file.

College Response: We agree. We have adjusted our training and procedures so that all attractive items that are borrowed from Student Government will have an Off Campus Use form signed by the student and the Student Government Business Manager which will remain on file with the Student Government Business Manager until the item is returned.

VII. FACILITIES PLANNING AND CONSTRUCTION: CONTRACT SERVICES

A review of contracts was conducted to determine:

- Procedures for obtaining contracts as outlined in Board of Governor's Chapter 14 are being followed;
- Contract stipulations are being followed;
- College is properly reviewing work for completion before payment is made.

Procedures Performed

Selected two (2) contracts with a total contract price of approximately $3 million and reviewed for the following:

- Verified there was proof of proper advertisement for contract bid process;
- Verified notice of public meetings as applicable for bid proposals;
- Reviewed evaluations for both the general bid presentations and the "short-list" interviews with qualified firms;
- Verified College requested firms to submit information regarding experience, qualifications, adequacy of personnel and a good faith estimate of services;
- Verified contract was negotiated for competitive pricing;
- Reviewed contract terms and associated documentation for adherence to contract stipulations;
- Reviewed selected payments for proper authorization by College personnel that ensured work was completed and approved for payment.

Findings

06-04-2012: One certificate for partial payment for Job NCF-06 was not notarized. The form was signed by the construction company and the facilities planning employee, but was not properly notarized.

College Response: We agree. We will ensure that all certificates of partial payments are duly notarized in the future.

06-05-2012: The signature stamp date line on invoices is not being completed under the signature denoting the date the approval was made.

College Response: We agree. We will take proper steps in the future to complete the date of approval information on the signature stamp.

VIII. FACILITIES PLANNING AND CONSTRUCTION: CONSTRUCTION DOCUMENTATION

A review of procedures over subcontractors will be conducted to determine:

- Policies made by the College are followed;
- Expenses are paid within a proper time frame;
- Proper documentation is on hand for compliance with licensing and invoicing.

Procedures Performed

Selected two (2) construction jobs and performed the following procedures:

- Obtained and reviewed subcontractor bid package provided to the college;
- Verified subcontractor licenses on file, properly completed and current.

Findings

None

IX. REGISTRAR OFFICE: TUITION DIFFERENTIAL

A review of tuition differential fees was conducted to determine:

- Student eligibility to assess a tuition differential;
- Tuition differential being charged is in compliance with approved limits;
- Proper calculation of differential fees;
- Proper posting of tuition differential charges to student accounts.

Procedures Performed

Obtained an understanding of the tuition differential guidelines as established by the Board of Governors.

Selected twenty-five (25) students enrolled for the Fall 2011 and Spring 2012 semesters that were assessed a tuition differential and performed the following:

- Verified that student enrollment began after July 1, 2007;
- Verified that student did not have a Florida Prepaid tuition contract prior to July 1, 2007;

- Verified proper tuition differential amount per credit hours was charged;
- Recalculated tuition differential charges for accuracy;
- Traced proper posting of tuition differential fees to student account;
- Tuition differential did not exceed the maximum allowed.

Selected twenty-five (25) students with Florida Prepaid tuition contracts for the Fall 2011 and Spring 2012 semesters that were not assessed a tuition differential and performed the following:

- Verified tuition contract was effective prior to July 1, 2007;
- Verified tuition differential charges were not assessed to the students account.

Selected twenty-five (25) students from the Fall 2011 and Spring 2012 enrollment reports and performed the following:

- Verified student enrollment date to determine if they enrolled prior to July 1, 2007;
- For those enrolled prior to July 1, 2007, verified they maintained continuous enrollment and properly excluded from being assessed a tuition differential;
- For those enrolled subsequent to July 1, 2007, verified they were properly assessed a tuition differential.

Findings

None

X. REGISTRAR OFFICE: FLORIDA RESIDENCY

A review of student accounts was conducted to determine:

- Tuition was properly calculated based on residency status;
- Proper compliance with Florida Statutes.

Procedures Performed

Obtained an understanding of the Florida Residency guidelines as established by the Board of Governors.

Selected twenty (20) students enrolled for the Fall 2011 and Spring 2012 semesters that were identified as a Florida Resident and performed the following:

- Verified students qualified for Florida residency status;
- Verified that the proper documentation was obtained for the Florida residency determination;
- Verified signature of Program Assistant and Residency Officer on “Residency Checklist” denoting approval of residency.

For students in our sample that became eligible for Florida Residency Status after their enrollment we performed the additional procedures:

- Verified proper documentation was on file documenting their change in residency;
- Verified that the student satisfied the twelve (12) month residency guidelines.

Findings

06-06-2012: For one (1) student the internal checklist for residency status was not signed and approved by the program assistant.

College Response: We agree. Please note that we have removed the signature line from this form, which we created only for our internal use. This will conserve staff time.

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

August 6, 2012