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

JANUARY 2011

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CPA ASSOCIATES
Certified Public Accountants and Consultants

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: P-CARD PURCHASES

A review of P-cards was conducted to determine:

- P-card applications and agreements are properly completed and approved by authorized personnel;
- Designated account managers sign a reconciler agreement;
- P-card transactions are within transaction, daily and monthly spending limits;
- P-cards are properly cancelled when an employee is separated from the College;
- Items purchased with P-cards are within guidelines of acceptable items to purchase;
- P-card transactions are properly logged, forwarded to approver and processed by approver within required number of days;
- Monthly reconciliations of P-card activity are being conducted in a timely manner.

Procedures Performed

Selected twenty (20) employees from the listing of P-card users and reviewed the following for the testing period January 1, 2010 through December 31, 2010:

- Reviewed the completed P-card application for completeness and proper approval by department head or supervisor;
- Verified P-card agreement was on file, properly completed and signed by cardholder and supervisor;
- Verified Account Manger/Reconciler Agreement was on file, properly completed and signed by the designated account manager;

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- Reviewed all transactions for a selected month from January 2010 through December 2010 for each cardholder and verified transactions were within transaction, daily, and monthly spending limits;
- Verified purchases made were allowable P-card commodity purchases;
- Reviewed processing of P-card transactions to ensure they are being properly logged, forwarded to approver, and processed within the required timeframe;
- Verified monthly reconciliation was completed, properly supported by P-card transaction documentation and noted that the reconciliation had the cardholder and approver signatures;
- Reviewed employees selected and their employment status during the time period tested and verified that procedures for separated employees' cards were in place to ensure card cancellation and no charges could be made to their account subsequent to separation.

Findings

01-11-01 During our review we noted two (2) P-card purchases for items that are on the disallowed P-card item purchases listing in the "P-Card Approver Manual." The policy does state, "If there are special circumstances that require the purchase of a "non allowable" item, please contact the Business Office for assistance." This policy is reasonable, but we found no documentation of approval for the exceptions to the policy. We recommend all exceptions to the policy be supported by documented approval showing who approved the special circumstance. We reported this same finding in our June 2007 report.

College Response: We agree. Although the P-card system is designed to require a Business Office representative to take action to approve the exception before the purchase can be electronically accepted, the approval process has been via telephone conversations between the Business Office and the card holder and the Business Office and the bank. The fact that the charge appears on the card shows that the approval process was implemented. However, the Business Office has changed its procedures to require appropriate written exception documentation showing who approved the special circumstance.

01-11-02 Per P-card policy, receipts should be given to reconcilers within three (3) days of the charge and the charges should be approved within seven (7) days of the charge. During our review, we noted this procedure is not being followed. After further discussion with management, they stated all charges must be approved by the date the invoice is due. It is recommended the policy be reviewed and revised to correspond with current procedures. This same finding was reported in our June 2007 report.

College Response: We agree. The Business Office has revised its procedures to adjust the time span for the P-Card transaction process. The new time line has been changed to five (5) days and ten (10) days respectively, and reflects a suggested timeline. These time frames are considered guidelines as opposed to

hard deadlines because it is recognized that there are often legitimate reasons for submittals that fall outside of this time range. The more important "hard deadline" is that all charges must be approved by the date the invoice is due.

01-11-03 We noted one (1) employee who had a P-card and the required cardholder agreement was not on file.

College Response: *We agree. The Business Office will review all cardholder agreements at least quarterly to ensure all employees who have a P-card have a cardholder agreement on file.*

01-11-04 We noted one (1) reconciler agreement on file, but it was never signed and dated by the employee.

College Response: We agree. The College will review all reconciler agreements at least quarterly to ensure all reconcilers have signed the reconciler agreement.

II. OFFICE OF ADMISSIONS AND FINANCIAL AID: SCHOLARSHIPS

A review of the financial aid office related to scholarships was performed to determine the following:

- Students receiving scholarships meet the required qualifications for the specific type of funding;
- Proper documentation is obtained and retained in student files;
- Procedures for posting scholarships to student accounts are being followed.

Procedures Performed

Selected fifteen (15) students from a listing of all scholarship recipients at New College of Florida during Spring and Fall 2010 terms and performed the following procedures:

- Obtained information from management and staff related to the process of scholarships;
- Reviewed student files and ensured proper documentation was obtained for the applicable scholarship type;
- Confirmed that each student met the required qualifications needed to receive the type of scholarship funding;
- Verified required information for each type of scholarship was correctly entered into the students record in Banner;
- Verified that the total amount of scholarships awarded was correctly applied against students' accounts in Banner.

Findings

None

III. REGISTRAR OFFICE: ENROLLMENT

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

- Admittance of students is done within College 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 Fall 2010 and Spring 2010 semesters 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.

Findings

None

IV. REGISTRAR OFFICE: TUITION

An understanding of the registration process related to student tuition was obtained and testing was done to determine:

- Tuition fees are being accurately posted to student accounts;
- Receipt of tuition fees are being accurately posted to student accounts and general ledger.

Procedures Performed

Selected ten (10) students registered for classes during the Fall 2010 and Spring 2010 semesters and performed the following procedures:

- Obtained student files for the semester being tested;
- Reviewed student file for signed contract stating registered courses for the applicable semester;
- Verified registered courses per the signed contract agree to registered courses per Banner;
- Determined proper documentation exists supporting receipt of tuition fees;
- Tuition 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.

Findings

None

V. RESEARCH PROGRAMS: STATE AND LOCAL GRANTS

There were no State or local grants utilized by the College for the period of January 1, 2010 to December 31, 2010, therefore no testing was performed.

VI. RESEARCH PROGRAMS: FEDERAL AND NON-GOVERNMENTAL GRANTS

An understanding of procedures related to Federal and non-government grants was obtained and testing was done to determine:

- Grant applications and contracts have proper authorization from college management;
- Approval was obtained and dates on record are accurate;
- Expenses being paid are within grant covenants;
- Expenses paid are not over budgeted amounts.

Procedures Performed

Selected three (3) Federal and three (3) private grants from January 1, 2010 through December 31, 2010, and performed the following procedures:

- Reviewed contracts to ensure procedures for application are being followed and authorization from management was obtained;

- Reviewed contracts to determine proper approval was received and funding amounts established;
- Selected two (2) disbursements, for each grant, made during the period July 1, 2010 through December 31, 2010, and verified proper documentation for grant expense;
- Verified above disbursements were proper expenses within the grant covenants;
- Reviewed total grant expenses to date to ensure they do not exceed the budgeted amounts.

Findings

01-11-005 During our review of invoices we noted one invoice where the College was charged twice for shipping. We recommend those approving invoices need to also review for accuracy to ensure invoices are correct.

College response: We agree. The Office of Research Programs and Services (ORPS) will continue to scrutinize all invoices as per procedure, but emphasize reconciling line item changes within an invoice. At the time this duplicate shipping charge was found, ORPS was in the process of receiving a credit for the overcharge.

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.

CPA Associates

CPA Associates
January 25, 2011