NEW COLLEGE OF FLORIDA

INTERNAL AUDIT PROCEDURES

AS OF JANUARY 12, 2009

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 of Florida 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:	Cash Disbursements
	Cash Receipts
	Purchasing Cards
	Capital Asset Additions/Purchases
	Capital Asset Retirements/Disposals
	Capital Asset Depreciation

Our procedures and findings were as follows:

BUSINESS OFFICE: CASH DISBURSEMENTS

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

- College 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 reasonable and properly approved, if applicable.

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

Procedures Performed

Obtained and documented an understanding of the cash disbursement procedure.

Selected fifteen (15) disbursements from July 1, 2008 through December 31, 2008, 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 $50,000;
- 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 were reasonable and additional approval obtained, if applicable.

Findings

No findings were noted during our review.

BUSINESS OFFICE: CASH RECEIPTS

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

- 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;
- Total credit card receipts reported on the "Daily Receipt Report" agree to the monies deposited in the bank account;
- Total CAPP receipts agree to e-mail verification from Sallie Mae;
- 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 fifteen (15) receipts relating to Summer and Fall 2008 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 total CAPP receipts agreed to e-mail verification from Sallie Mae;
- 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

No findings were noted during our review.

<u>BUSINESS OFFICE: ACCOUNTS PAYABLE - PROCUREMENT CARDS (P-CARDS)</u>

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:

- 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;
- Reviewed all transactions for a selected month from July 1, 2008 through December 31, 2008 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

No findings were noted during our review.

BUSINESS OFFICE: CAPITAL ASSET 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, 2008 through December 31, 2008, 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, 2007, financial statements and verified fixed asset lives agree with those stated in the fixed asset property report.

Findings

No findings were noted during our review.

BUSINESS OFFICE: CAPITAL ASSET 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 "Request for Property Removal" Form;
- Asset tags are being collected to ensure the correct asset is disposed of and recorded in the general ledger.

Procedures Performed

- Selected ten (10) disposals from July 1, 2008 through December 31, 2008, and agreed information on the "Request for Property Removal" Form to a properly cancelled asset tag and the disposal report from Banner;
- 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.

Findings

No findings were noted during our review.

BUSINESS OFFICE: CAPITAL ASSET 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 acquired from July 1, 2008 through December 31, 2008, 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 2007 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

No findings were noted during our review.

We would like to take this opportunity to thank you for the courtesies which were extended to us during the course of the engagement. The cooperation received from your staff was greatly appreciated.

CPA Associates

CPA Associates
January 12, 2009