# **NEW COLLEGE OF FLORIDA**

# INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

**APRIL 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: BUDGET ADOPTION AND AMENDMENTS

A review of budget adoption and amendments was reviewed to determine:

- Budget was created, submitted and approved by the Board of Trustees prior to submission to the Board of Governors in accordance with Section 1011.40 of the Florida Statutes;
- Budget was submitted to the Board of Governors on time and in the correct format;
- Amendments are documented and reported to Board of Trustees as deemed necessary;
- Expenditures do not exceed funds available.

#### **Procedures Performed**

Obtained the original budget taken to the Board of Trustees and the approved budget submitted to the Board of Governors and performed the following:

- Verified approval to the Board of Trustees minutes;
- Ensured the budgets were submitted on time to the Board of Governors and in the proper format;
- Verified expenditures do not exceed available budgeted funds;
- Verified proper signoff and documentation for budget amendments.

## **Findings**

None

# II. BUSINESS OFFICE: FEDERAL STIMULUS FUNDS

A review of Federal stimulus funds was conducted to determine:

- College is in compliance with American Recovery and Reinvestment Act (ARRA) OMB Circular A- 133 compliance requirements;
- Reporting to the State is proper and completed within the required timeframe;
- Expenditures are authorized expenditures per the stimulus terms and Federal regulations;
- Expenses are incurred during the approved period of availability;
- Proper support and documentation is on file to substantiate the validity of expenses being charged against the stimulus funds;
- Expenses are being charged to the correct general ledger accounts;
- Monies being drawn by the College are being done subsequent to the expense being incurred and not exceeding current expenses.

#### **Procedures Performed**

- Reviewed the requirements under OMB Circular A-133 for compliance with requirements detailed in the Department of Education section for CFDA 84.394, State Fiscal Stabilization Fund–Education State Grant Recovery Act.
- Reviewed the March 2011 quarterly reports sent to the Department of Education and tested to see if reports were sent by the fifth business day of the month. Also, reviewed reports to see if amounts reported agreed with general ledger expense totals and reporting codes were accurate.

Selected a sample of twenty-five (25) expenditures and tested the following:

- An Employment Action Form was properly completed and approved by a supervisor for each employee noting payroll expense was to be classified to the org and fund for federal stimulus monies;
- Payroll expenses were for an authorized employee per the original "Projected Use of Federal Stimulus Funds" budget prepared by management;
- Expenditures were authorized and allowable expenditures under the Federal stimulus grant terms and Federal regulations, OMB Circular A-87;
- Traced the detail pay expense for each employee to the pay register for the selected pay date and re-calculated percentage of expense being applied was accurate:
- Payroll expenses were charged to the correct organization and fund per the approved Employment Action Form;
- Expenditures were incurred during the period of availability.

• Reviewed the March 31, 2011 "CARDS detail by Grant" reports showing funds drawn down from the Department of Education grants and tested whether expenditures were being drawn subsequent to the expenses being incurred. Also, reviewed total expenses drawn equaled expenses incurred per the general ledger.

### **Findings**

None

## III. HUMAN RESOURCES: TIME ENTRY

An understanding of time entry procedures was obtained and testing was done to determine:

- Time cards are being properly completed, approved, and retained;
- Pay is properly calculated based on hourly rate and hours worked;
- Overtime is properly approved and pay calculated according to overtime requirements.

#### **Procedures Performed**

Selected fifteen (15) employees and performed the following procedures for three (3) pay periods during our testing period:

- Verified pay rate used for calculation of pay was the properly approved pay rate for period based on the "Appointment Form" maintained in personnel file;
- Reviewed time card and recalculated hours worked:
- Verified time card was properly approved by supervisor;
- Recalculated pay for period based on approved pay rate and hours worked on time card and agreed to payroll register;
- Recalculated overtime pay and verified proper approval was obtained for payment of overtime.

#### **Findings**

None

#### IV. 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 2010 and Spring 2011 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 2010 and Spring 2011 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 ten (10) students from the Fall 2010 and Spring 2011 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

# V. <u>INFORMATION SYSTEMS</u>

A review of the Information System Department was performed to determine the following:

- Current policies and procedures are in place for all areas relating to IT;
- An IT committee exists and properly monitors IT activities for the College;
- Backups of data are completed in a timely manner, retained for a reasonable period and stored off site;

- Security procedures are in place to safeguard data equipment, servers and system data:
- Monitoring is conducted for intrusion to servers and unauthorized or unusual access to servers and systems;
- A documented disaster recovery plan for all systems exist and off site disaster recovery centers have been identified;
- Recovery testing is completed with the Central Florida Regional Data Center (CFRDC) and the North Western Regional Data Center (NWRDC) and documented for critical systems to ensure data can be restored from back ups;
- Required risk analysis under Florida Statues "Security of Data and Information Technology Resources Act" has been completed and updated annually;
- Proper procedures are in place to add or delete users from the Banner system to ensure security of data;
- Ongoing security awareness training is provided to personnel.

# **Procedures Performed**

- Reviewed current policies the College has in place for the IT area's noted above. We also interviewed IT personnel and gained an understanding of the following processes and procedures in place for the items listed below:
  - Responsibilities of IT employees and IT committee;
  - Hardware/Software currently used and any upcoming changes;
  - Backup of system data;
  - Security over equipment, servers and system data;
  - Disaster recovery plans in place and testing of those plans;
  - Recovery testing of data of the college data.
- Reviewed Technology Advisory Committee minutes posted on the internet for 2010 and 2011;
- Reviewed intrusion reports for April 2010 and June 2010, verifying vulnerabilities have been addressed;
- Reviewed "Banner Security Violation Review Log" that documents daily monitoring for unauthorized access and selected three (3) days to review detail reports for consistency with log documentation;
- Reviewed the "Event Log Sheet" for local server that documents unauthorized access. Selected five (5) days of actual "Server Access Logs" and verified results back to those documented on the "Event Log Sheet;"
- Reviewed the disaster recovery plan for required information and comprehensive procedures to be followed in the event of a disaster;
- Reviewed DBHistory excel file that documents all restores with CFRDC related to recovery testing being performed. Verified October 12, 2010, November 24, 2010 and December 22, 2010, were supported by e-mails from CFRDC showing testing and results.

- Reviewed the warm site disaster recovery test with the NWRDC performed in October 2010, noting testing was successful and issues identified during the testing have been resolved;
- Reviewed physical risks have been properly identified and access and processes have been put into place to limit the risks below a high risk;
- Reviewed the current Disaster Recovery plan noting the required risk assessment has been incorporated throughout the plan, addresses significant risks and has been reviewed annually;
- Selected a sample of ten (10) new hires from July 1, 2010 through March 31, 2011, and verified "Request for Banner Access" form was properly completed and approved by a supervisor, and access capabilities appeared reasonable;
- Selected a sample of fine (5) terminated employees from July 1, 2010 through March 31, 2011 and verified user ID has been locked or deleted from the system;
- Reviewed the "New College of Florida Security Awareness Program" training material and training logs addressing employees being trained in a timely manner.

# **Findings**

None

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.

Bradenton, Florida

Mauldin & Jerekins, LLC

May 3, 2011