NEW COLLEGE OF FLORIDA

INTERNAL AUDIT PROCEDURES

AS OF OCTOBER 30, 2009

CPA ASSOCIATES
Certified Public Accountants and Consultants

Audit Committee
New College of Florida
Sarasota, Florida

This constitutes our report for the October 2009, agreed upon procedures outlined in the engagement letter.

Business Office:	General Ledger
Human Resources:	Hires/Terminations Payroll Benefits Disbursements
Registrar Office:	Tuition Differential

We have performed certain agreed upon procedures for the benefit and use of New College of Florida. 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 those 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. The purpose and scope of such operational review procedures performed were set forth in our arrangement letter to you dated July 31, 2009.

We were not engaged to, and did not perform an audit of New College of Florida's financial statements, the objective of which would be the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion on the financial statements of New College of Florida.

Our findings relative to internal control matters were limited to those which came to our attention in connection with performing the aforementioned operational review procedures. We express no opinion regarding the effectiveness of the entity's internal control over financial reporting.

This report is intended solely for your use and the use of New College of Florida's Board of Trustees and management.

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

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 we received from your staff was greatly appreciated.

Should you so desire, we would be happy to discuss these matters with you and assist you in implementing any of the recommendations or suggestions described herein.

CPA Associates

CPA Associates
October 30, 2009

An understanding of general ledger procedures was obtained and testing was performed to determine:

- Proper procedures are set up to provide adequate control over journal entries;
- Journal entries are only being made by authorized employees;
- Journal entry processes are being followed and journal entries are supported by adequate documentation.

Procedures Performed

- Reviewed procedures with staff to ensure controls are properly set up over the journal entry process;
- Selected fifteen (15) journal entries for the period July 1, 2009 through September 30, 2009, and verified:

    - System information to original journal entry;
    - Adequate support exists for the journal entries made;
    - Journal entry was properly authorized and approved.

- Imported all journal entries that were made from July 1, 2009 through September 30, 2009, into our data extraction software and summarized all entries by user ID to ensure entries are only being made by authorized employees.

Findings

During our review of journal entries, we noted there is no formal documented policy and procedures for the journal entry process. It is recommended that documented policy and procedures be implemented to ensure employees are following the approved process. During our review, we verbally discussed the journal entry process in place and found no incidents of non-compliance.

College Response: We agree. We also believe the journal entry process is an administrative process and does not rise to the level of a written policy. The Controller and Associate Controller have developed a written procedure for the journal entry process.

Upon request a copy of the procedure is available for review.

<u>HUMAN RESOURCES: HIRES</u>

A review of hiring procedures was conducted to determine:

- Hiring procedures set forth by the College are being followed;
- Selection committees and position advertisements are being conducted as applicable;

- Position selection is being conducted in compliance with College policy;
- Appropriate documentation is being maintained in employee files.

Procedures Performed

Selected five (5) employees hired on or after July 1, 2009, and performed the following procedures:

- Reviewed human resources files for proper advertisement and hiring documents;
- Reviewed screening committee documentation as applicable for the position;
- Verified that all documentation on the "New Hire Checklist" was contained in the employee's file;
- Verified employee was reported to the state as a new hire within the required time period.

Findings

No findings were noted.

HUMAN RESOURCES: TERMINATIONS

A review of terminated employees was conducted to determine:

- Termination procedures were followed per College policy;
- Appropriate documentation was maintained in the employee's file;
- The employee was no longer paid once terminated.

Procedures Performed

Selected five (5) employees that were terminated through resignation or dismissal on or after July 1, 2009, and conducted the following procedures:

- Reviewed employee files for appropriate termination documentation for dismissal or resignation;
- Reviewed Human Resources files for appropriate follow-up documentation;
- Reviewed payroll register subsequent to employee's last day to ensure they no longer received a pay check;
- Verified that employee was listed as terminated within Banner.

Findings

No findings were noted.

HUMAN RESOURCES: BENEFITS/DEDUCTIONS, PAYROLL/DISBURSEMENTS

A review of employee benefits, deductions, and payroll posting was conducted to determine:

- Employee files are complete and payroll data corresponds to authorizations on file;
- Payrolls are properly prepared, approved, and recorded;
- Detailed reports are properly maintained with respect to individual employees and benefits;
- All net payroll and various deductions are being properly posted and disbursed to the appropriate parties.

Procedures Performed

Selected ten (10) employees that were paid during 2009 and conducted the following procedures:

- Verified that employee information per the employee files agreed to the information found in the applicable payroll register;
- Recalculated gross pay per the payroll register and agreed pay rate to the last approved pay rate in employee file;
- Reviewed employee file for proper documentation to accurately pay employee;
- Verified that benefits deductions per the payroll register agreed to authorizations for those deductions and benefits maintained in the Human Resources Department.

Findings

No findings were noted during our review.

REGISTRAR OFFICE: TUITION DIFFERENTIAL

A review of tuition differential fees was conducted to determine:

- Student eligibility to receive tuition differential;
- Tuition differential being charged is in compliance with approved limits;
- Proper calculation of tuition 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 2009 semester 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.

Selected twenty-five (25) students enrolled for the Fall 2009 semester with Florida Prepaid tuition contracts and performed the following:

- Verified Florida Prepaid tuition contract was effective prior to July 1, 2007;
- Reviewed student accounts to ensure tuition differential charges were properly excluded.

CPAA additionally selected ten (10) students enrolled for the Fall 2009 semester and verified that tuition differential fees assessed or excluded corresponded to enrollment guidelines established per the Board of Governors.

Results of Review:

No findings were noted.