

NEW COLLEGE INSTITUTE

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2007**



AUDIT SUMMARY

Our audit of the New College Institute for the year ended June 30, 2007, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

In 2006, the General Assembly passed and Governor Tim Kaine signed a bill establishing New College Institute funded by an initial appropriation of \$2.5 million for the 2006-08 biennium and a grant from the Harvest Foundation. New College Institute is a state-funded educational entity that provides access to bachelor's degree completion programs, master's degrees, teacher endorsement programs, teacher recertification courses, and other academic offerings through partnerships with colleges and universities. New College Institute augments academic offerings with an outreach program of community workshops, individual counseling, non-credit courses, and internship opportunities.

New College Institute encourages and coordinates the development and delivery of degree programs and other credit and noncredit courses, focusing on statewide and regional critical shortage areas and the needs of industry. In addition, New College Institute also serves as a resource and referral center with its educational outreach program by maintaining and disseminating information on existing educational programs, college admission requirements, and college financial aid. New College Institute also funds a summer internship program for college students and summer camps for elementary and secondary students.

For fiscal year 2007, New College Institute had a state appropriation of \$1,250,000 to fund its operations and a full-time equivalent staff of eight employees. In the 2006-07 academic year, New College Institute enrolled 118 students in of six bachelor's degree completion and master's degree programs in high demand fields.

For fiscal year 2008, New College Institute will receive grants from the Harvest Foundation and the Tobacco Indemnification and Community Revitalization Commission to start three new degree programs and an internship program. To meet the educational needs of Southern Virginia, New College Institute collaborates with the Institute for Advanced Learning and Research in Danville and the Southern Virginia Higher Education Center in South Boston.

Financial Activity for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>
Revenues:		
General Fund appropriations	<u>\$1,250,000</u>	<u>\$1,250,000</u>
Expenses:		
Personal services	476,954	410,823
Office and administrative expenses	165,304	164,187
Classroom renovations	295,144	198,502
Outreach and marketing	39,331	39,197
Knowledge managers	14,501	-
Educational programs	<u>258,765</u>	<u>299,124</u>
Total expenses	<u>1,250,000</u>	<u>1,111,834</u>
Funds carried forward to fiscal year 2008	<u>\$ -</u>	<u>\$ 138,166</u>



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

May 19, 2008

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the financial records and operations of the **New College Institute** for the year ended June 30, 2007. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of the Institute's financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Institute's internal controls, and test compliance with applicable laws and regulations.

Audit Scope and Methodology

The Institute's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Institute's controls were adequate, had been placed in operation, and were being followed. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenues
Expenditures

Our audit also included tests of compliance with provisions of applicable laws and regulations. We tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Institute's operations. We tested transactions and performed analytical procedures, including trend analyses.

Conclusions

We found that the Institute properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Institute records its financial transactions on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on May 19, 2008. This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

JHS/clj

NEW COLLEGE INSTITUTE

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