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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Members, Florida Gulf Coast University Board of Trustees
Florida Gulf Coast University
10501 FGCU Blvd, South
Fort Myers, Florida 33965-6565

We were engaged to perform the procedures enumerated below, which were agreed to by the Board of Trustees of Florida Gulf Coast University (the "University") solely to assist management in reviewing and testing its internal controls as specified in the procedures below pertaining to the period January 1, 2004 through January 17, 2007. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants, specifically AT Section 201 of the AICPA Professional Standards. The sufficiency of these procedures is solely the responsibility of Florida Gulf Coast University. 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. As such, the procedures per the engagement letter and related findings are as follows:

Note: Procedures on-site began on January 15, 2007 and ended on January 18, 2007. It was represented by the University that no disbursements or issues in regards to this agreed-upon procedures engagement affect the Florida Gulf Coast University Financing Corporation.

1) **Procedure Objective**
Analyze travel reimbursements from both the University and the Florida Gulf Coast University Foundation, Inc. (the "Foundation") as they relate to Dr. William C. Merwin and the Faculty Member in question.

**Procedure**
We obtained detail travel reimbursement records from both the University and the Foundation for the period January 1, 2004 through January 17, 2007 as they relate to Dr. Merwin and the Faculty Member in question. In addition, we requested a summary of any payments made to Dr. Merwin and the Faculty Member in question from both the University and the Foundation for the time period January 1, 2004 through January 17, 2007.
Findings
We requested and obtained the respective documentation for each travel reimbursement noted for Dr. Merwin and the Faculty Member in question from both the University and the Foundation for January 1, 2004 through January 17, 2007. As such, regarding reimbursement for Dr. Merwin we noted all travel reimbursements were properly documented, except we noted that one Travel Authorization Request (TAR) was not signed by a supervisor (any Florida Gulf Coast University Vice President), one TAR was not submitted in advance, and one State travel reimbursement request form was not signed by a supervisor out of fifty-six (56) total reimbursements. In instances where the hotel check-out invoices did provide detail phone logs, we did review those phone numbers and compared them to the personal cell phone number of the Faculty Member in question, dialed local numbers, and/or used the website 411.com to look up the local phone numbers. We did note one call made to the Faculty Member in question’s personal cell phone. The call cost approximately $10.56. However, Dr. Merwin signed the appropriate travel reimbursement form certifying the call was made for official business and we noted no evidence to the contrary.

At the time we analyzed the travel disbursements we were not made aware that the Faculty Member in question had been issued a University funded cell phone.

We noted all travel reimbursements for the period January 1, 2004 through January 17, 2007 for the Faculty Member in question were properly documented.

We compared travel reimbursement request dates for Dr. Merwin vs. that of the Faculty Member in question and noted no correlation of travel dates. As such, it appears the travelers were not reimbursed for the same travel dates.

2) Procedure Objective
Analyze certain phone records.

Procedure
We inquired as to whether Dr. Merwin and/or the Faculty Member in question had cell phone plan paid for by the Florida Gulf Coast University and/or the Foundation.
Findings
Per inquiry, we were informed that Dr. Merwin did not have a cell phone paid for by the University or the Foundation during this time period. We noted that the Foundation did not pay for a cell phone for the Faculty Member in question. In addition, we noted neither person sought or obtained reimbursement for use of a personal cell phone based upon analysis of disbursement records provided to us.

We did note the Faculty Member in question had a University provided cell phone starting in fiscal year 2005 through December 2006. The cell phone was paid for from a specific funding source as part of a program within the College in which the Faculty Member in question was employed. It was represented to us that the cell phone was granted to the Faculty Member in question as part of her role in managing the specific grants and projects. We were informed the specific cell phone plan was a flat fee per month. We were also informed of the actual total annual cost of the cell phone. The total annual costs appeared reasonable when compared to the plan.

3) Procedure Objective
Analyze purchase card records for both Dr. Merwin and the Faculty Member in question.

Procedure
We were notified that Dr. Merwin has had no and currently has no University approved purchase card (p-card) during the time period January 1, 2004 through January 17, 2007.

We were also notified that the Faculty Member in question’s University approved purchase card (p-card) had been routinely monitored and audited by University staff.

Findings
We determined purchase cards (p-cards) are monitored and approved monthly by University staff, independent of the purchaser. Routinely, purchase card (p-cards) usage is audited by the University’s Finance and Accounting Department staff at least annually during the time period January 1, 2004 through January 17, 2007. As such, we obtained the three audits performed by the University’s Finance and Accounting Department for the card held by the Faculty Member in question for the time period January 1, 2004 through January 17, 2007. Per review of the three audit reports (see Exhibit A for criteria used for purchase card audits) performed by University’s Finance and Accounting Department staff and provided to us, the
only non-compliance noted was that the University’s tax exempt number was not consistently used and, therefore, the University incurred sales tax expense.

4) **Procedure Objective**
Analyze raises and promotions for the Faculty Member in question.

**Procedure**
We interviewed various University administration members as well as affected college staff regarding this issue. We also obtained and analyzed the respective Faculty Member in question's employment records.

**Findings**

**Raises**
The respective Faculty Member in question is a member of the University’s collective bargaining unit. As such, we traced her compensation from her date of hire through December 2006. All changes to compensation and/or amounts paid appear to have been properly approved through all routine channels and in accordance with the collective bargaining unit contract, State mandates, the result of a staff market survey and/or other University compensation guidelines.

In addition, we obtained, for the Faculty Member in question, a compensation summary for 2004, 2005, and 2006. We were informed that the compensation summaries agreed to the respective annual W-2’s reported taxable income. We then reviewed each base compensation change and recalculation. Gross compensation reported on the respective summary appears consistent with the compensation recalculation obtained.

Per inquiry of the University’s Finance and Accounting Department we were informed that Dr. Merwin was paid in accordance with contract by the University and that no variance had occurred.

**Promotion**
We requested and obtained promotion records for the faculty member in question. As such, we noted the Faculty Member in question properly submitted herself for promotion, which was reviewed and approved by her Peer Group and the respective Dean as required. The Provost and Associate Provost independently approved her promotion, which was subsequently approved by the Board of Trustees and the President. Both the Provost and the Associate Provost independently confirmed that no undue pressure or influence was exerted upon them in this process.
Institute/Center in Question Approval
The Institute/Center in question’s request for approval was initiated by the Faculty Member in question. The application was submitted with the required approval of the specific College’s Dean, the Assistant Vice President of Research, the Vice President of Finance Administration and Planning, the Vice President of Academic Affairs and the President. The application for approval was submitted through routine channels and was held in the Office of Research and Sponsored Programs, because the Office had requested additional documentation in an effort to review the Institute’s appropriateness. Specifically, it appears the application was held for approximately six months pending receipt of the requested documentation. It appears that Dr. Merwin then inquired as to the status of the Institute/Center in question and elected to move the proposal to the Executive Committee. Executive Committee approved the Institute/Center in question.

It has been represented to us that over the course of the life of the University eight Centers and/or Institutes have been approved. It has been represented that approval or rejection of a Center or Institute roughly occurs in a four to eight month period. Approval of the Institute/Center in question appears to have been approved roughly within the routine time frame.

5) Procedure Objective
Analyze leave reports for Dr. Merwin and the Faculty Member in question.

Procedure
We noted that due to the nature of her employment contract, the Faculty Member in question was not required to submit vacation and/or time off written requests. This is a standard employment policy for employees hired under this type of contract. We analyzed Dr. Merwin’s leave reports for any correlation with her travel dates, reimbursed by the University and/or the Foundation.

Findings
We noted no correlation between Dr. Merwin’s leave reports and her travel dates reimbursed by the University and/or the Foundation, except for her travel reimbursement request for September 12, 2005, on which she was reimbursed $50 for parking.
6) **Procedures Objective**  
Analyze expense reimbursement requests from both the University and the Foundation as they relate to Dr. Merwin and the Faculty Member in question.

**Procedure**  
We compared the specific disbursements (vendor listing) for Dr. Merwin and the Faculty Member in question, obtained from the University and the Foundation to the travel reimbursement records for any items over $500.

**Findings**  
We noted that there were no reimbursement items over $500 not already tested in the travel reimbursement test.

7) **Procedures Objective**  
Perform other procedures as specifically requested by the client.

**Procedure**  
As part of the procedures noted above, items 1-6, we interviewed approximately twenty (20) individuals consisting of University and Foundation employees. As part of the interview we inquired as to whether they were aware of any misappropriation of University assets and/or Foundation assets. We also inquired as to whether they were aware of any undue pressure or influence being applied as it would relate to Dr. Merwin or the Faculty Member in question.

**Findings**  
None of the interviewees were aware of any misappropriation of assets or undue pressure or influence being applied as it relates to Dr. Merwin or the Faculty Member in question.

We also requested written representations from Dr. Merwin, the University and Foundation Board and/or staff and the Faculty Member in question. Such written representation requests general confirmation that no University and/or Foundation asset was misappropriated, misused or abused and that no undue influence or pressure was applied, as it would affect Dr. Merwin and/or the Faculty Member in question.
Members, Florida Gulf Coast University Board of Trustees
Florida Gulf Coast University
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We were not engaged to and did not perform a financial statement audit, the objective of which would be the expression of an opinion on the financial statements of Florida Gulf Coast University and/or the Florida Gulf Coast University Foundation, Inc. taken as a whole. Accordingly, we do not express such an opinion on the financial statements of Florida Gulf Coast University and/or the Florida Gulf Coast University Foundation, Inc. Had we been engaged to perform additional procedures, others matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Florida Gulf Coast University and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures.

STROEMER TUSCAN & COMPANY, P.A.
Fort Myers, Florida
January 22, 2007
## P-CARD AUDIT CHECKLIST

**Department:**

**Cardholder's Name:**

**Reviewer's Name:**

**Card # (Last 8 digits):**

<table>
<thead>
<tr>
<th>Check List</th>
<th>Compliance</th>
<th>Non-compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Bank Statement for audit period reconciled</td>
<td>If No, 30 day audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each transaction recorded on Activity Log</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain all original receipts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity Log and Bank Statement signed off by/P-Cardholder and Approver</td>
<td>If not signed off/or reconciliation not completed, repeat audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No repetitive purchases within a 3 day period to avoid $4,999 limit</td>
<td>Will Review indiv. transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verify tax exemption on purchases</td>
<td>Attempt made to get credit if tax chgd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No equipment or furniture charges costing $1,000 or more</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No gifts or personal transactions (candy, food, flowers, party supplies, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entertainment, alcohol, cash advances, or gasoline charges (unless for rental)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No food purchases on State Accounts</td>
<td></td>
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</tbody>
</table>

Have charges been swept without Reviewer processing them?

If so, Why?

Date: ____________________

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A category marked with a “YES” will initiate another audit within 30 days.

If the Bank Statement is not reconciled, this will also initiate another audit in 30 days.