

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, April 23, 2014 - 9:00 A.M.**

Present: Mr. Jeremiah J. White, Jr., presiding; Mr. Matthew Bergheiser (*via* conference bridge), Ms. Suzanne Biemiller (*via* conference bridge), Mr. Willie Johnson (*via* conference bridge), Stella Tsai, Esq., Dr. Judith Gay, Ms. Marsia Henley, Dr. Samuel Hirsch, Mr. Robert Lucas, Mr. Todd Murphy, Mr. Anthony Simonetta, Mr. James P. Spiewak, Jill Weitz, Esq., and by invitation, the following accounting firm finalists: Bowman & Company, ParenteBeard and Grant Thornton

AGENDA – PUBLIC SESSION

(1) Interview of Finalists Identified as Potential Providers of Financial Audit Services for the Next Five Fiscal Years (Action Item):

Discussion: Mr. Spiewak stated that, based upon the College's solicitation of proposals for accounting services, the College received five proposals. After reviewing the proposals, staff decided to interview representatives from four of the firms. The fifth firm was not selected for an interview because the firm's proposed fee was more than 25% higher than the next highest proposed fee. Based upon the interviews, staff identified three firms as finalists (Bowman & Company, ParenteBeard, and Grant Thornton) who are making presentations to the Committee.

Copies of each firm's proposals are attached as follows: Bowman & Company (Attachment A); ParenteBeard (Attachment B); and Grant Thornton (Attachment C). Attachment D contains a summary of the strengths and concerns for each firm as identified by staff members during the course of their interview. Attachment E provides a detailed summary of each firm's proposed hours and fees for the entire five-year contract period.

All three finalists provided background information on their firm and the staff that would participate in the audit. Each firm presented their qualifications, their understanding of the Higher Education industry and their communication strategies in regards to interacting with College staff and Board members. Grant Thornton introduced the principal of the minority firm, Meridian Group, that would be involved in the audit. Grant Thornton maintains a mentor-protégé relationship with this organization.

During the course of the discussions, Committee members and staff asked many questions of the firms' representatives related to fees, including A-133 Major Programs, transition plans, interaction with the College's internal auditor, timing and scheduling of the audit and accessibility to the Audit Committee and other Board members. The firms also responded to questions related to current and potential GASB issues and the financial challenges facing higher education in general, and community colleges in particular. Questions related to the stability and continuity of their audit teams as well as how their concurrent partner review process works were also asked. The firms indicated that they had the capacity to handle the College's audit with existing staff and had the resources to dedicate to specialized topics such as the College's self-funding of its medical and prescription drug programs.

At the conclusion of the presentations, Mr. Simonetta, the Chair of the Audit Committee led the Committee members and staff through a discussion of the firms' strengths. It was the general consensus that Bowman & Company lacked depth and breadth of experience and capacity when compared to ParenteBeard and Grant Thornton. Staff reported on the reference checks that were conducted for all finalists and noted the five-year fee costs of each.

After discussion, Mr. White asked that Committee members in favor of hiring Grant Thornton as the College's external audit firm to indicate their approval by saying yes. All members of the Committee voted in the affirmative. Mr. White then asked that all Committee members in favor of hiring ParenteBeard as the College's external audit firm indicate their approval by saying yes. No vote was voiced by the Committee. Accordingly, Grant Thornton was unanimously approved as the College's external audit firm for a five-year contract period to perform the fiscal year audits 2014 through 2018 at a total five-year cost of \$646,500.

(2) Tuition and Fee Recommendation for the 2014-15 Year (Information Item):

Discussion: Mr. Spiewak stated that, as in prior years without revenue and expense changes, the College's budget planning process for fiscal year 2014-15 began with a projected revenue shortfall. He noted that the College's budget is about 84% salaries and fringe benefits. With a salary budget of \$73 million, the 3% contractual salary increase adds \$2.2 million to the budget. The additional costs of the fringe benefit programs will result in a \$2.6 million increase to the budget; the majority of which is related to the medical program. Mr. Spiewak explained that, contrary to prior years, the College has had, as of March 2014, eleven high-cost medical claims; seven of which exceed \$250,000. Ms. Weitz noted that this is more of a normal number based upon the number of covered lives and that the College had been fortunate in the past that it did not experience this high number of high cost claims. Mr. Spiewak noted that in order to achieve a viable budget, senior staff were provided with an expense target that was based upon the approved FY 13-14 budget adjusted only for situations where there were contractual increases associated with multi-year vendor contracts.

Mr. Spiewak explained that several important factors limited the extent of the budget shortfall for FY 14-15 as compared with prior years: 1) The budget contains an additional \$500,000 in City Appropriations based upon the Mayor's proposed 2014-15 City Budget; 2) Eighteen employees are planning to retire at the end of the 2014 fiscal year or during the next fiscal year; all of which are faculty except for one. This has the effect of lowering budgeted salaries as replacement employees are typically hired at lower salaries than those of the retiring employee; 3) The number of full-time faculty positions will be lower in 2014-15 as a result of reductions in the faculty contract-required number of sections to be taught by full-time faculty; and 4) the debt service associated with the original Northeast Regional Center has been retired as well as the debt service associated with outfitting the new Northeast Regional Center, Pavilion Building and Bonnell, Mint and West Buildings. This reduction in debt service means that approximately \$1.34 million more of the City appropriation can be applied to the Operating Budget.

The preliminary budget has a revenue gap of approximately \$2.2 million. Each \$1 increase in tuition generates \$350,000 of revenue. Staff recommend that the tuition per credit hour be increased by \$4 which equates to a 2.1 percent increase. With the additional tuition revenue, the revenue shortfall for fiscal year 2014-15 would be reduced to \$800,000.

The impact of the tuition increase to a full-time student receiving the maximum Pell award would be a reduction of \$6 per semester of their balance check. The impact of the tuition increase to a full-time student receiving no financial aid would be an increase of \$48 per semester. It was noted that most CCP students have access to one or more opportunities to assist them in the payment of the College's tuition and fee charges. The majority of the College's students are eligible for Federal and State financial aid programs. Middle-income family students are eligible for Federal tax credits for educational expenditures. The maximum Pell award for 2014-15 will be raised by \$85 from \$5,645 to \$5,730. Figures 2A through 3B show the 2014-15 net cost impact of the tuition increase for students receiving Pell aid or the education tax credit. Figure 1 provides a history of tuition and fee charges at the College since 1995. Figures 4 and 5 provide current tuition and fee information for other colleges and universities. All figures can be found in Attachment F.

Committee members discussed the merits of approving a tuition increase without seeing the entire budget and without a discussion of priorities nor fully understanding the ramifications of the Middle States reaccreditation report. Ms. Biemiller stated that she would not approve a tuition increase until those discussions have taken place. Mr. White noted that there is an upcoming Executive Committee meeting at which time these discussions need to take place. He suggested that staff would be able to present a budget that incorporated the priorities driven from these discussions to the Business Affairs Committee on May 21, 2014. Staff discussed its concerns about the delay in approving a tuition fee schedule as it relates to processing of financial aid and possible student confusion. Dr. Hirsch was asked whether a delay in approving a tuition increase would affect financial aid processing. He responded that it would make it more challenging, but that staff will be able to manage it. Mr. White emphasized that the Board needs to have some serious discussions concerning revenue sources, retention, marketing efforts, student success efforts, and the extent to which the Foundation can relieve pressure on the Operating Budget. Mr. Bergheiser noted that he does not object to the tuition increase but agrees that the Executive Committee needs to have some deep conversations as described by Mr. White. He also noted that the Committee was only seeing a skeleton picture of the budget. In response to comments made by Ms. Biemiller, Dr. Gay described that the final written report of the Middle States Commission will not be available until after the Commission meets in June 2014. Colleges are advised that the report from the Middle States visiting team is subject to modification by the Commission. The discussion ended with Mr. White stating that more Board discussions are required to address specific concerns of the Board and how subsequent activities driven by these discussions will affect the budget.

No action on the recommended tuition increase of \$4 per credit hour was taken.

(3) Capital Requests for West Building Projects (Action Item):

Discussion: Mr. Spiewak stated that, as discussed at the March 19, 2014 Business Affairs Committee meeting, the construction, professional services and outfitting costs associated with the various renovation projects on the second and fourth floors of the West Building will exceed budget and the amount of borrowings. At that time, staff presented a recommendation to fund the additional costs from capital funds available in fiscal year 2013-14 and from the capital budget that is being developed for fiscal year 2014-15. Since the capital

cost to be incurred for fiscal year 2013-14 is above \$50,000, specific Board action for this expenditure is required.

Mr. Spiewak stated that approval by the Committee is being requested for up to \$300,000 of construction, professional services and outfitting costs associated with the West Building Projects be charged against the fiscal year 2013-14 capital budget. The exact amount will be based upon the completed, stored and billed work as of June 30, 2014 with the remaining costs incorporated into the capital budget for fiscal year 2014-15.

Action: Ms. Tsai moved and Ms. Biemiller seconded the motion that the Committee recommend to the full Board that up to \$300,000 of construction, professional services and outfitting costs associated with the West Building Projects be charged against the fiscal year 2013-14 capital budget. The motion passed unanimously.

(4) Items to Add to the Board May 1, 2014 Consent Agenda (Action Item):

Discussion: Staff explained that the two items approved at the November 20, 2013 Business Affairs Committee were unintentionally omitted from the February 6, 2014 full Board consent agenda. These items were the write-off of \$16,820 in Vendor Receivable associated with the Automotive Program and that the College's Retirement Plan Documents be modified to include the Roth IRA option within the College's 403(b) plans. Staff requested that these items be added to the May 1, 2014 full Board consent agenda.

Action: Ms. Tsai moved and Mr. Johnson seconded the motion that the Committee recommend that these two items be added to the May 1, 2014 full Board consent agenda. The motion passed unanimously.

(5) Complete With 15 – New Scholarship Initiative (Information Item):

Dr. Hirsch stated that the Complete With 15, a new scholarship initiative, will provide eligible students, who enroll in four courses (minimum 12 credits) each semester, with a scholarship that will fund an additional 3-credit course. By enrolling in five courses per semester with a minimum of 15 credits, students will accelerate their time to complete an associate's degree thus saving time and reducing debt. Additional information can be found in Attachment G.

(6) Next Meeting:

The next meeting date of the Committee is scheduled for **Wednesday, May 21, 2014 at 9:00 A.M.** in the College's Isadore A. Shrager Boardroom, M2-1. At that time, the proposed 2014-15 College Budget will be presented to the Committee.

ATTACHMENT A

**BOWMAN & COMPANY
PROPOSAL**

REQUEST FOR PROPOSAL #9823

PUBLIC ACCOUNTANT SERVICES

For the Fiscal Years Ending
June 30, 2014 through 2018

COMMUNITY COLLEGE OF PHILADELPHIA



Submitted by:

Carol A. McAllister, CPA, Partner



601 White Horse Road

Voorhees, NJ 08043

856-435-6200

February 28, 2014

A: EXECUTIVE SUMMARY – Statement of Qualifications

We feel that the Bowman & Company LLP is a tremendous asset to the Community College of Philadelphia (the “College”). We feel that we are best suited to be appointed as the College’s auditor for the following reasons:

- Bowman & Company LLP has wealth of experience in the County College sector and would provide the Community College of Philadelphia with the best team possible for their needs.
- Bowman & Company LLP is the largest provider of auditing services to the New Jersey County College Community, and understands the services required to be performed. Bowman & Company currently audits seven County Colleges:
 - Atlantic Cape, Burlington, Camden, Cumberland, Gloucester, Mercer, and Union.
 - Full-time enrollments range from 4,000 to 14,000+
 - Total Student Financial Aid Awards range from \$6 million to \$40+ million
- The proposed audit staff has a combined total of over thirty-five (35) years-experience auditing County Colleges.
- Our college audit staff has experience with a variety of the accounting and student financial aid software systems.
- Bowman & Company LLP is a limited liability partnership registered to practice as a Certified Public Accounting firm by the New Jersey State Board of Accountancy and authorized to do business in the State of Pennsylvania; and the partners, practicing as part of the Firm's Governmental Services Department, are licensed as Certified Public Accountants, Registered Municipal Accountants and Public School Accountants.
- A key aspect of the audit of the College is the single audit performed in accordance with OMB A-133. Our firm has taken an active role in the implementation of the single audit since its inception in 1984. Our commitment to excellence is demonstrated by:
 - The Firm is a charter member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center.
 - The firm annually sends a contingent to the AICPA Governmental Accounting and Auditing Update Conference.
 - **The firm annually sends key audit staff to a three day seminar on Audits of Federal Student Financial Aid Programs.**
 - Our firm has had ongoing representation on the State Society’s Governmental Accounting and Auditing Committee.
 - Our longstanding involvement with the single audit has enabled us to foster a working relationship with many federal officials responsible for the development and implementation of financial assistance regulations.
 - Members of our governmental services department regularly attend web based conferences and training involving single audit compliance auditing and the revised Data Collection Form.

A. EXECUTIVE SUMMARY - Statement of Qualifications

- Bowman & Company LLP, including all partners and employees, meet the independence requirements of the AICPA's Code of Professional Ethics and Government Auditing Standards, 2011 revision, published by the U. S. Government Accountability Office.
- Bowman & Company LLP, as a member of the American Institute of Certified Public Accountants, has positively responded to the Institute's requirement for member firms to participate in a qualifying peer review program. Under this requirement, a peer review of our accounting and auditing practice must be performed once every three years. To date, we have received unqualified (clean) opinions for all of the reviews conducted. Our last review was conducted in September 2011. We are proud to report that we had no letter of comments.
- Bowman & Company LLP requires forty (40) credit hours of continuing professional education annually for all of our professionals. The CPE covers governmental accounting and auditing subjects, which include compliance auditing of federal grants
- Because Bowman and Company LLP audits seven County Colleges, we are aware of the due dates imposed and will devote sufficient resources for timely report filing of both the College and Federal Agencies.
- Bowman & Company LLP is an equal opportunity employer with an affirmative action plan that ensures applicants are recruited and employed without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.
- Bowman & Company LLP maintains blanket contractual insurance under the Firm's Business Owner's Policy in the amounts of \$1,000,000.00 for any one occurrence and \$2,000,000.00 general aggregate. Professional Errors and Omissions are covered under the Firm's Professional Liability Insurance in the amount of \$3,000,000.00 for any one occurrence and \$6,000,000.00 general aggregate.
- Our firm is part of the social and economic fabric of South Jersey. Since our founding in 1939, the members of our firm have reached out into the community and volunteered for service and provided resources for numerous educational, community and non-profit organizations.
- Bowman & Company LLP is one of the largest CPA firms in the tri-state area with an approximate total staff of ninety-five.
- We are available for questions anytime during the year and will promptly respond to any questions the College may have.
- Robert P. Nehila Jr., CPA, proposed Consulting Partner, has been a frequent speaker at the NJ Community College Business Officers Association annual meetings regarding a variety of topics in the County College Sector.

B. INTRODUCTION

1.0 Firm Profile, Experience and Background

Bowman & Company LLP (the "Firm") takes great pride in the quality of the services that we have provided to our clients since 1939. We have the knowledge, experience and expertise to meet virtually any accounting need from those of a small non-profit organization, to a large corporation, to an Institute of Higher Education such as the Community College of Philadelphia (the "College"). Because we are a large firm, a number of our professionals are able to specialize in specific areas of accounting. This ability to specialize allows us to provide the services and advice required to handle even the most complex situations. Each client receives the same kind of careful, considerate and competent attention, no matter what the level of need. Our size permits us to provide these services at the convenience of the clients in order to satisfy their needs.

Our Firm employs an expertly trained staff of accountants, led by partners and managers who have quality experience, and this assures that virtually any client need will be met with full professional consideration. Our Firm regularly provides its professional staff with current continuing professional education, which further enhances the resources that will be available to our clients. Our professionals enjoy and thrive upon the challenge of new situations and we are constantly expanding to meet changing client needs.

As previously stated, our size permits our staff to specialize in particular areas of our profession. For our clients this is a definite advantage. Answers to unusual or extraordinary questions are readily available from our specialists without the need for outside consultation or costly research. The Firm is often able to meet client needs expeditiously and with less cost than smaller firms whose size does not permit specialization.

2.0 Governmental Audit Quality Center



In 2004, the Firm was accepted as a charter member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center. The AICPA, like the Firm, is committed to helping its members achieve the highest standards in performing quality governmental audits. This voluntary membership Center is designed to help governmental auditors meet the challenges of performing quality audits in this unique and complex area, and to promote the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.

The Center offers resources to the Firm designed to enhance the quality of our governmental audits. Frequently, online conferences are sponsored by the Center. The Firm has found these sessions valuable in assisting to keep our staff updated on changing standards of the profession as they relate to governmental accounting and auditing. The Firm's membership in the Center is another indication of our dedication to excellence in the services we provide to our clients.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES

1.0 Services to be Performed

We will perform the services listed below, for the Community College of Philadelphia, for the five fiscal years ending June 30, 2014 through June 30, 2018. The audits will be performed in accordance with auditing standards generally accepted in the United States of America (GAAS); Government Auditing Standards, issued by the Comptroller General of the United States and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Scope - College

1. Audit of financial statements prepared in conformity with accounting principles generally accepted in the United States of America
2. Audit of Federal Financial Assistance in accordance with the requirements of Federal Government's OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations
3. Agreed Upon Procedures on behalf of the Commonwealth of Pennsylvania addressing enrollment verification, tuition compliance, and capital expenditures in accordance with applicable Commonwealth regulations contained in Pennsylvania Code/Title 22, Chapters 35 and 335

Scope – College Foundation

4. Audit of financial statements prepared in conformity with accounting principles generally accepted in the United States of America as a component unit of the College
5. Preparation of the Foundation's Federal Information Return, Form 990 Return of Organization Exempt from Income Tax

2.0 Audit Plan Overview

Our Firm has developed an approach to similar audit engagements which we feel is responsive to our clients. The staff assigned to the audit of the College would be comprised of an engagement partner, a manager, a supervisor, a senior and staff accountants. The technical and audit staff planned for this engagement have been adequately trained and have experience in the audits of county colleges. This experience encompasses the specialized financial reporting model and as well as audits of Federal Student Financial Aid.

2.1 Audit Preparation Stage

Audit planning encompasses many of the AICPA's standard procedures for an audit engagement and is of prime importance for the timely, effective completion of the engagement. To commence our planning, representatives of our Firm will meet with members of the College's administration to discuss our approach to the engagement in order to ensure that the audit will be conducted in the most effective and efficient manner. Also, during this initial meeting, any changes in accounting principles, regulations relative to the engagement or new GASB Pronouncements will be discussed. At the conclusion of this meeting, planning documents will be prepared and our understanding of the College's system of internal control will be documented/updated. The planning stage will continue as internal controls are tested, the potential for material fraud is considered, and risk assessment procedures are performed.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES (CONT'D)

2.1 Audit Preparation Stage (Cont'd)

As previously stated, the Firm provides auditing services for seven county colleges. As a result, we have developed audit work programs that are modified to accommodate the audit of the Community College of Philadelphia. These work programs are regularly updated to reflect any professional standard or regulatory changes that affect our clients.

2.2 Evaluation of the System of Internal Control

U.S. auditing standards requires an independent auditor to obtain an understanding of internal controls based on five elements: the control environment, risk assessment, control activities, information and communications, and monitoring. Our procedures place reliance on a documented understanding of our clients' control environments, based upon the most efficient and cost effective method for the given situation. In addition, we will also obtain an understanding of the way computers are used in the information and communications system of the College and consider the effect of information technology on our consideration of internal controls. Flow charts, checklists, or narratives will be used for recording our understanding of the flow of financial information, as appropriate.

2.3 Consideration of Fraud (SAS No. 99)

Auditing standards also require auditors to plan an audit to detect material misstatements in the financial statements whether caused by error or fraud. During the conduct of our audit, we will identify and assess fraud risk factors, in part by conducting inquiries of your management and staff, and subsequently design audit tests in compliance with the standards. It is important to note that fraud risk factors do not necessarily indicate the existence of fraud; however, they are often present where fraud exists. However, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the College complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

2.4 Assessment of Risk

U.S. auditing standards require the auditor to identify and assess the risks of material misstatement, whether due to error or fraud, at the financial statement and relevant assertion levels. These risks are identified and assessed by obtaining an understanding of the entity and its environment, including its internal control, and this understanding provides a basis for designing and implementing responses to the assessed risks of material misstatement. The overall assessment of risk of material misstatement at the financial statement level is made in audit planning, based on information such as the effectiveness of the entity's control environment and identification of fraud risk factors. Our firm has designed responsive audit methodologies that result in an effective, focused effort by the audit engagement team to meet the requirements of these standards.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES (CONT'D)

2.4 Assessment of Risk (Cont'd)

The auditor's consideration of audit risk and materiality in a compliance audit, such as a Single Audit, is similar to the consideration in a financial statement audit. In a Single Audit, audit risk and materiality are considered together for each major program being tested as well as for each direct and material compliance requirement in determining the nature, timing, and extent of auditing procedures and in evaluating the results of those procedures.

2.5 Substantive Tests and Examination of Account Balances

We will perform substantive audit tests of transactions and analytical review, where appropriate, in the areas of payroll, purchasing, revenues, and expenditures; the nature, timing and extent of which will be determined upon our evaluation of the system of internal control and our subsequent testing of the system. We will also prepare requests for confirmation of cash balances, student account receivable balances, enrollment information and financial aid. We will bring all significant findings and suggested audit adjustments, if any, to the attention of the administration for timely action.

With regards to these tests we will:

- Work under the premise that the records will be closed out, balanced and available at a reasonable time subsequent to year-end.
- Mail confirmation requests on selected year-end balances, if necessary, and summarize and evaluate responses received.
- Perform various audit procedures, including but not limited to, examination of supporting documentation and other evidential matter to verify reasonableness of assets, liabilities, revenues, expenses and net assets.
- Obtain the College's written representation regarding completeness of disclosures and integrity of accounting records.
- Prepare request for legal counsel's response as to the nature and status of litigation and other legal matters.
- Prepare a draft management letter, if necessary, and review it with appropriate administration personnel.
- Meet with appropriate members of the audit committee and administration to discuss the audit at its conclusion.

In addition, we will also:

- Complete the agreed upon procedures as recommended by the Commonwealth of Pennsylvania Department of Education in the Statement of Auditing and Accounting Standards for Community Colleges related to eligible full-time equivalent students, tuition compliance calculation and tuition equalization account status, and schedule of capital mandated expenses.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES (CONT'D)

2.6 Single Audit

As previously stated, our single audit will be performed in accordance with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Firm has extensive experience in performing such audits, and supplements that experience with continuing education relevant to our clients' needs.

The Firm has developed workprograms consistent with the audit requirements of the Single Audit Act and the various compliance supplements. Wherever possible, in order to promote efficiency, we will attempt to perform single audit compliance tests concurrent with the College's financial statement audit. **The Firm stays current with Student Financial Aid changes by attending an annual three day Student Financial Aid auditing seminar.**

2.7 General Approach in County College Audits

Our experience with county college audit clients has been to perform audit fieldwork over enrollment and student financial aid during preliminary testing. In order to achieve greater audit efficiency, we test tuition revenue concurrently with enrollment. Once the accounting records are closed we return to the College and complete the fiscal year end audit.

In addition, we document and test internal accounting controls to determine their sufficiency. Based upon this testing, we determine if controls in place may be relied upon or if additional testing is required. We also verify, test or analytically substantiate all balances deemed to be material to the College.

As we discover audit findings, they are reviewed with the appropriate college personnel. Upon the completion of our fieldwork, an exit conference report is prepared and reviewed with College management as well as any audit committee. If necessary, a Management Letter is prepared for the Board of Trustees. We also present the audit to the Board.

2.8 Reporting

Upon completion of our audit we will:

- Review draft financial statements with the audit committee and appropriate administrative personnel.
- Prepare and submit a final management letter.
- Prepare and present the audit report to the Board of Trustees.
- Prepare and file the statutory Single Audit.
- Prepare and file the PA State agreed upon procedures.
- Assist with the preparation of the Foundation Form 990 Information Return.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES (CONT'D)

3.0 Management Letter

A management letter is often a by-product of our normal audit. This document, if necessary, will be submitted to the governing body and administration at the conclusion of the audit if additional information regarding reportable conditions that were discovered during the conduct of the audit needs to be communicated to College management. Included in the letter will be recommendations for related improvements in the accounting system, internal controls or other matters.

Our audit approach relies heavily upon the identification of areas for improvement and communication of them to the client. We realize, however, that not every suggestion needs to be communicated by written memorandum. Frequently items, specifically those of less significance, will be informally communicated to administration as they are identified.

4.0 Additional Services

The Firm, because of its size and years of experience, can provide prompt consulting services, in accordance with the restrictions placed by the independence standards promulgated by the General Accounting Office. These services have not been included in the proposed fee included Section E. 1.0. However, the average hourly rate charged for the performance of such services is included in Section E. 2.0 of this proposal.

5.0 Post Audit

Following the audit we will contact the appropriate administrative personnel to ensure that any adjusting entries resulting from the audit are properly included in the records of the College.

6.0 GASB Expertise within the Firm

Bowman & Company audits over 100 governmental entities and is widely recognized as leaders in the governmental auditing field. As previously mentioned, the proposed engagement team has over 35 years-experience auditing county colleges. Additionally, the Firm is well known in this sector and the consulting engagement partner, Mr. Robert Nehila, is frequently asked to speak at Business Officers' meetings because of his expertise with various GASB items related to county colleges.

7.0 Review Process After Fieldwork

The proposed engagement partner, and consulting partner, will have a significant presence on site during audit fieldwork. This will enable the efficient review of staff and shorten the amount of time between the completion of fieldwork and issuance of reports. It also allows for College staff to ask any questions that may arise during fieldwork. The draft report will be presented to College staff at the completion of fieldwork, and a technical review of the draft will be completed by another county college partner within our Firm.

C. AUDIT SPECIFICATIONS -- SCOPE OF SERVICES (CONT'D)

8.0 Consideration of Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 was enacted in an effort to reform the financial reporting process relative to public companies that are required to register their securities with the Securities and Exchange Commission. While the provisions of this Act do not apply to entities such as the College, we recognize that certain provisions contained in the Act provide an opportunity for all entities to step back and take a close look at the effectiveness of their financial reporting process.

In consideration of the Act, we suggest that our clients consider following questions:

- Does the reporting entity utilize an effective audit committee and is there at least one member of the audit committee that has expertise in financial reporting?
- Does the reporting entity have a code of conduct with which all members of the governing body, officers and employees (especially employees that perform duties relative to financial reporting) must comply?
- Has the reporting entity established and documented a reliable system of internal controls and established a monitoring procedure to ensure that management has full responsibility for its design and implementation?
- Has the reporting entity established requirements that all financial documents, including statements, notes and other disclosures include full and accurate disclosure of all significant financial transactions and are certified by a senior financial officer?

In addition to considerations relative to the Sarbanes-Oxley Act, entities such as the College, whose audits must be performed in accordance with generally accepted governmental auditing standards, must consider their part in their auditor's compliance with the GAO Independence Standards, 2011 Revision. Specifically, we suggest that such entities consider the standards as they relate to external impairments to auditors independence (as defined in the standards) and the effect that non-audit services performed by the auditor may have on ongoing, planned and future audits. The standard defines seven safeguards that auditors must follow when performing allowable non-audit services. It is essential that the financial management of the entity is aware of these safeguards and is diligent in the performance of their responsibilities.

D. RESUME

1.0 Firm Organizational Structure

Bowman & Company LLP was founded by Edmund D. Bowman over seventy years ago. Prior to the creation of the Firm, Mr. Bowman was employed by the Local Government Board of the State of New Jersey. In 1939, he was appointed to serve as auditor for five municipalities, three of which the Firm still serves today. Having achieved early success, Mr. Bowman employed Edwin B. Lickfield as his first employee, hired two other staff accountants and commenced the operation of the Firm. Mr. Lickfield, who eventually became Mr. Bowman's first partner, served the Firm for many years and succeeded Mr. Bowman as Managing Partner upon Mr. Bowman's retirement in 1973.

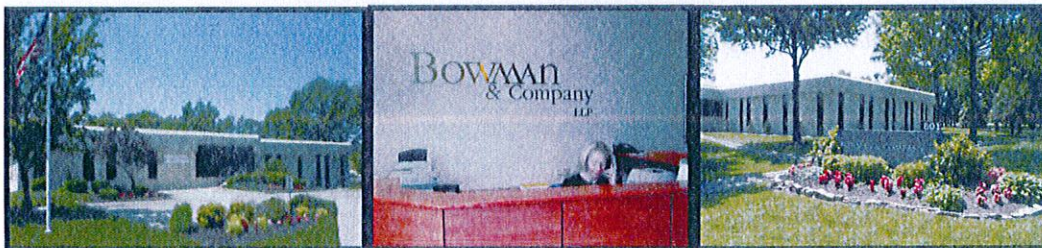
From this small beginning, our Firm has grown from a sole proprietorship to an organization presently comprised of eighteen partners, one principal, thirteen managers, twelve consultants and retirees, and over sixty other professional and administrative staff. The professional staff includes over forty Certified Public Accountants. Presently, Bowman & Company LLP is the largest locally based public accounting firm in South Jersey and is among the fifteen largest firms in the Philadelphia metropolitan area.

Bowman & Company LLP currently serves seven County Colleges, three counties, approximately seventy-five municipalities, fifty school districts, and sixty authorities and special districts. The Firm also serves numerous not-for-profit and for-profit organizations. The not-for-profit clients is currently comprised of six County College Foundation audits, which includes providing assistance in the preparation of IRS Form 990.

At Bowman & Company LLP, we take pride in our rich history and culture of excellence and passion for the governmental industry. Our Firm has been committed to our profession for seventy-five years and as we enter our 75th Anniversary year, we continue to welcome new clients to take part in our ongoing story.

1.1 Offices of Bowman & Company LLP

Bowman & Company LLP operates from two offices located in Voorhees Township and Woodbury, New Jersey. The Voorhees office will be the primary office to serve the College.



Office Locations and Website

601 White Horse Road
Voorhees, New Jersey 08043
(856) 435-6200

6 North Broad Street, Suite 201
Woodbury, New Jersey 08096
(856) 853-0440

www.bowmanllp.com

D. RESUME (CONT'D)

2.0 Proposed Engagement Personnel

2.1 Carol A. McAllister **Engagement Partner**

Carol A. McAllister was admitted as a Partner of the Firm on July 1, 2005. Ms. McAllister joined the Firm in 1989 upon earning her Bachelor of Science degree in Business Administration from Widener University. Her areas of expertise are the audits of county colleges, county and municipal governments, school districts, and federal and state programs. Mrs. McAllister is responsible for the technical review of all the authority audits performed by our Firm. She is licensed to practice as a Certified Public Accountant in Pennsylvania and New Jersey. She is also licensed to practice as a Registered Municipal Accountant and as a Public School Accountant in New Jersey. She has also been certified by the New Jersey Department of Community Affairs, Division of Local Government Services as a Certified Municipal Finance Officer.

Experience – Mrs. McAllister has been the partner in charge of several County Colleges throughout the last eight years. She has attended a three day Student Financial Aid Audit Seminar that focuses on the rules and regulations, including new developments, surrounding the federal and state funding. She works with the Manager and staff in the field for several weeks during the audit and examines the internal controls, policies and procedures and financial records for the College audits. She is directly involved in risk assessment and review of all work papers prepared by staff.

In addition, Mrs. McAllister currently serves as the partner in charge of two county colleges, one county government, seven municipalities and two school districts. She has also performed various program specific audits. She has extensive Single Audit experience, including the audits of Student Financial Assistance Grants, grants funded under the American Recovery and Reinvestment Act, and Workforce Investment Act Grants. She also has experience in the preparation of official statements, verification reports, arbitrage calculations, and other special services for our clients.

Membership in Professional and Civic Organizations - Mrs. McAllister is a member of the American Institute of Certified Public Accountants, New Jersey Society of Certified Public Accountants, where she is currently a member of the Governmental Accounting and Auditing Interest Group, and the Registered Municipal Accountants' Association of New Jersey. In the community, Mrs. McAllister volunteers for a variety of activities within the local school district. She is a resident of Washington Township, Gloucester County with her husband, Jim, and their three children.

Contact Information

Office Phone Direct Dial – (856) 821-6864

Cell Phone – (856) 404-1812

Fax (856) 782-5032

cmcallister@bowmanllp.com

Professional Licenses

PA CPA License #CA029134L, licensed in 1991

NJ CPA License #CC02291700, licensed in 1994

D. RESUME (CONT'D)

2.0 Proposed Engagement Personnel (Cont'd)

2.2 Robert P. Nehila, Jr. Consulting Partner

Robert P. Nehila, Jr. was admitted as a partner of the Firm on July 1, 2003 and has been in governmental auditing since 1991. He is licensed to practice as a Certified Public Accountant, Registered Municipal Accountant and Public School Accountant in New Jersey. He is a graduate of Rider University and resides in Evesham Township with his wife and two daughters.

Experience –Mr. Nehila has experience with auditing county colleges, municipal governments, county governments, school districts, fire districts, public libraries and non-profit organizations. Mr. Nehila is also experienced with the requirements of the Single Audit Act and annually attends a three day Student Financial Aid Audit Seminar. He is currently the Partner-in-Charge of Burlington County Community College, Camden County College, Mercer County Community College, Cumberland County College the Township of Evesham, Township of Hainesport, and the Borough of Merchantville. He has spoken at the County College Business Offices Association meetings on several occasions regarding the implementation of GASB 35, *Financial Reporting Model for Colleges and Universities*, GASB 39, *Determining Whether Certain Organizations Are Component Units*, various other new GASB Pronouncements and issues surrounding the County College Enrollment Audits. Mr. Nehila has served as Partner-in-Charge of the Firm's in-house monitoring program for governmental engagements. He has also developed and instructed numerous in-house continuing professional education seminars.

Membership in Professional and Civic Organizations - Mr. Nehila is a member of the American Institute of Certified Public Accountants, the New Jersey Society of Certified Public Accountants and the New Jersey Registered Municipal Accountants Association. In his community, he has been coaching girl's sports, such as softball, basketball and field hockey since 1999. He has served as the commissioner for Marlton Girls Softball, is currently their treasurer, and has been inducted into the Marlton Recreation Council Coaches Hall of Fame.

Contact Information

Office Phone Direct Dial – (856) 821-6861

Cell Phone – (609) 417-2604

Fax (856) 782-5007

Rnehila@bowmanllp.com

Professional Licenses

CPA License #CC02170300, licensed in 1993

D. RESUME (CONT'D)

2.0 Proposed Engagement Personnel (Cont'd)

2.3 Henry J. Ludwigsen Technical Review Partner

Henry J. Ludwigsen joined the firm in 1981 after earning his B.S. in Business Administration from Temple University. He was admitted as a partner in the firm in 1994 and became the firm's managing partner in July 2009. He specializes in governmental audits for counties, county colleges, school districts and non-profits and federal and state financial assistance programs. Mr. Ludwigsen earned the Certified Information Technology Professional credential and the Certificate of Educational Achievement in Governmental Accounting and Auditing from the American Institute of Certified Public Accountants. He is licensed to practice as a Certified Public Accountant Registered Municipal Accountant and as a Public School Accountant in New Jersey.

Experience - His assignments have included the annual audits of the Counties of Burlington and Cumberland; Camden, Atlantic Cape, Gloucester, Ocean and Burlington County Colleges; the Burlington County Bridge Commission; several cities and towns; non-profit organizations and various information technology consulting engagements.

His responsibilities have included the evaluation of computer system controls; bond issuance matters and municipal utility rate studies; developing Technology Plans; internet development and integration planning; installation, updating and maintenance of the Firm's computer network and communication infrastructure and assistance to clients in the selection and implementation of hardware or software. He has extensive computer experience and keeps abreast of current developments in the information technology field.

Membership in Professional and Civic Organizations - Mr. Ludwigsen is a member of the American Institute of Certified Public Accountants, New Jersey Society of Certified Public Accountants and the Registered Municipal Accountants' Association of New Jersey. He is active in the community and served as President of the Southern New Jersey Council of the Boy Scouts of America and currently serves as the Vice President of Finance for the Council.

D. RESUME (CONT'D)

2.0 Proposed Engagement Personnel (Cont'd)

2.4 Other Engagement Personnel

Paul D. Ewert Engagement Manager

Paul D. Ewert has over twenty-five years' experience in the Governmental Services Department of the Firm. His area of experience is audit of county colleges, municipalities, school districts, and authorities. He is licensed to practice as a Certified Public Accountant, Registered Municipal Accountant and Public School Accountant in New Jersey. He also has been certified by the New Jersey Department of Community Affairs, Division of Local Government Services as a Certified County Finance Officer and Municipal Finance Officer. Paul is a graduate of Rutgers University.

Experience - During his career Mr. Ewert has performed audit services for four county colleges, including the current Audit Manager at Union County College. Paul has developed an approach to the audit that focuses on risk areas that are identified in the planning phase of the audit. This approach to the audit develops throughout field work and usually encompasses most departments of the College. He has also been assigned to ten municipalities, three school districts, two libraries, one county and one authority. Each of these entities is subject to the Single Audit Act. He has prepared arbitrage calculations for two municipalities, and two school districts. He has been involved in preparing municipal budgets, official statements and other special services for our clients. Mr. Ewert has conducted in house training classes and assisted in the preparation of the work programs used for our municipal audits. He has successfully completed the American Institute of Certified Public Accountants' courses to obtain the Government Accounting and Auditing Certificate of Educational Achievement.

Membership in Professional Organizations - Mr. Ewert is a member of the American Institute of Certified Public Accountants and the New Jersey Society of Certified Public Accountants and the Registered Municipal Accountants' Association. He has been a chairman of the finance committee for a condominium association.

Regina Chico, CPA – Supervisor Accountant graduated in 2003 from Monmouth University with a B.S. in Accounting and will be assigned as the supervisor in-charge of fieldwork. She has ten years of experience auditing county colleges. Gina annually attends a three day Student Financial Aid Audit Seminar and is proficient in completing federal single audits. Gina has experience auditing federal student financial aid funding at five County Colleges during her career.

D. RESUME (CONT'D)

2.0 Proposed Engagement Personnel (Cont'd)

2.4 Other Engagement Personnel (Cont'd)

Laurie Rouh, CPA – Senior Accountant graduated from the University of Delaware with a B.S. in Accounting. Laurie has several years' experience auditing not-for-profit organizations and preparing the related federal and state information returns that are required to be filed. She will be assigned to the audit of the College Foundation as well as the preparation of the Federal Form 990.

Other engagement personnel will be assigned to the engagement, as the situation requires. All staff assigned shall have experience in performing the audits of County Colleges in order to ensure the timely filing of the audit with all required regulatory agencies.

3.0 Statement of Assurance

The Firm is not currently in violation of any regulatory rules and regulations that may have an impact on its operations.

The Engagement and Consulting Partners will make themselves available for any meeting of the College, Foundation, Finance Committee or Board of Trustees.

The proposal includes and acknowledges the Proposal Requirements, Instructions, Terms and Conditions, and Specifications sections of the RFP. All of these documents are considered part of the proposal.

Addendum No. 1, including the 9 page question and response with acknowledgement signature, is included in the required submission section of the proposal.

Carol A McAllister is the proposed audit engagement partner and is authorized to execute the agreement and sign all reports. The required Affidavit of Verification of Proposal is included and attached in the required submission section of the proposal.

Upon award and prior to the start of a service, a Certificate of Insurance shall be furnished to the College as specified in the request for proposal, which includes all required insurance and names the Community College of Philadelphia as additional insured.

D. RESUME (CONT'D)

4.0 County College Engagements and References

Our Firm enjoys the privilege of serving as the auditor for seven county colleges. The following references may be contacted as references.

Current College Clients References

Bernard Lenihan
Vice President of Finance
Union County College
(908) 709-7605
blenihan@ucc.edu
January 1, 2013 - December 31, 2013
\$103,500,000 annual revenues

Dominick Burzichelli,
VP & Chief Operating Officer
Gloucester County College
(856) 415-2292
dburzichelli@gccnj.edu
July 1, 2013 - June 30, 2014
\$58,000,000 annual revenues

Diane Fauser
Executive Director of Accounting Operations
Camden County College
(856) 227-7200 ext. 4550
dfauser@camdenccl.edu
July 1, 2013 - June 30, 2014
\$115,900,000 annual revenues

Ronald Brand
Senior VP of Finance and Facilities
Burlington County College
(609) 894-9311 ext. 1262
rbrand@bcc.edu
January 1, 2013 - December 31, 2013
\$60,150,000 annual revenues

Additional Current College Clients

Catherine P. Skinner CPA
Dean Administration and Finance
Atlantic Cape Community College
(609) 343-5102

Jacob Eapen
Vice President of Finance
Mercer County Community College
(609) 570-3610

John K. Pitcher
VP for Finance and Administrative Services
Cumberland County College
(856) 691-8600 ext. 1203

Past College Audit Clients

Maureen Lawrence
VP Business and Finance
Brookdale Community College
(732) 224-2219

Sarah Winchester,
VP of Finance and Administration
Ocean County College
(732) 255-0400 ext. 2062

E. BASIS FOR CHARGES AND FEES

1.0 Fee Quote

Our fee quote is based on estimated time to complete the audit and the hourly rates of our staff necessary to perform the engagement. The proposed fee quote for the services described in Section C.1.0 is detailed in the required submission "Proposal Form – Schedule of Hours and Fees".

The fee quote includes normal routine advice concerning periodic technical questions that might arise throughout the fiscal year. Any questions or position papers that require **extensive** research or procedures, outside the scope of the audits, will be billed at our standard hourly rates. However, no such services will be billed without the prior written approval of the College.

This fee quote assumes that the accounting records will be balanced and closed by college staff, in accordance with the established timeline and the College will prepare all required GASB financial statements, including footnote disclosures and the Management's Discussion and Analysis.

2.0 Additional Services

If the College requests any additional services that are not included in the annual audit, our fees will be based on the hours spent to perform those services at an average billing rate of \$120.

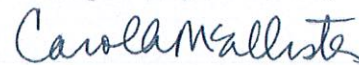
3.0 Billing Method

Progress billings will be completed on a monthly basis and will include charges through the end of the immediately preceding month.

F. APPRECIATION

We wish to thank the Board of Trustees and the administration of the Community College of Philadelphia for the opportunity to submit this proposal. It will be a pleasure to serve the College, should our proposal receive favorable consideration.

Respectfully submitted,



Carol A McAllister, CPA
BOWMAN & COMPANY LLP

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cmcallister@bowmanllp.com
601 White Horse Road
Voorhees, NJ 08043