

UNIVERSITY AUDIT

AUDIT 332

FEBRUARY 9, 2016

PERFORMANCE BASED FUNDING DATA INTEGRITY

AUDIT OF INTERNAL CONTROLS AND COMPLIANCE
AS OF SEPTEMBER 30, 2015



UNIVERSITY OF CENTRAL FLORIDA



MEMORANDUM

TO: John C. Hitt
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: February 9, 2016

SUBJECT: Audit of Performance Based Funding Data Integrity

The enclosed report represents the results of our performance based funding data integrity audit.

We appreciate the cooperation and assistance of the Institutional Knowledge Management staff.

cc: Dale Whittaker
M. Paige Borden
Joel Hartman
Board of Trustees Audit, Operations Review, Compliance, and Ethics Committee
Rick Schell

Background and Performance Objectives

The Florida Board of Governors (BOG) has broad governance responsibilities affecting administrative and budgetary matters for Florida's 12 public universities. Beginning in 2013-14, the BOG implemented a performance based funding model which is based on 10 performance metrics used to evaluate the institutions on a range of issues, including graduation rates, job placement, cost per degree, and retention rates, among other measures. According to information published by the BOG in May 2014, the following are key components of the funding model.

- For each metric, institutions are evaluated on either Excellence (a raw score) or Improvement (the percentage change from the prior year).
- Performance is based on data from one academic year.
- The benchmarks for Excellence are based on the BOG 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement are determined by the BOG after reviewing data trends for each metric.
- The Florida Legislature and Governor determine the amount of new state funding and a proportional amount of institutional funding that would come from each university's recurring state base appropriation.

For 2015-16, each university was evaluated on seven metrics common to all universities. The eighth metric applied to all institutions except New College, which had an alternate metric more appropriate to its mission. The ninth metric was chosen by the BOG, focusing on areas of improvement and the distinct missions of each university. The tenth metric was chosen by each university's Board of Trustees from the remaining metrics in the University Work Plan. UCF's metrics were:

1. percent of bachelor's graduates employed full-time or continuing their education within the U.S. further one year after graduation
2. median wages of undergraduates employed full-time one year after graduation
3. average cost per bachelor's degree (instructional costs to UCF)
4. six-year graduate rate (full-time and part-time, first time in college students)
5. academic progress rate (second year retention with a GPA greater than 2.0)
6. university access rate (percent of undergraduates with a Pell-grant)
7. bachelor's degrees awarded within programs of strategic emphasis
8. graduate degrees awarded within programs of strategic emphasis
9. percent of bachelor's degrees without excess hours
10. number of bachelor's degrees awarded annually.

Audit Objectives and Scope

At the request of the Florida Board of Governors, we have conducted an audit of the university's processes that ensure the completeness, accuracy, and timeliness of data submissions to the BOG.

Data submitted to the BOG and the methods and controls applied by university management necessary to ensure the integrity of the process were subject to several key audit procedures.

Specifically, the objectives of the audit were to review and test:

- the appointment of the data administrator by the university president and the duties listed in the data administrator's official position description
- the processes used by the data administrator to ensure the completeness, accuracy, and timely submission of data to the BOG
- documentation, including policies, procedures, and desk manuals, to assess the adequacy of the documentation for ensuring data integrity for university data submissions to the BOG
- system access controls and user privileges to determine whether they are properly assigned and periodically reviewed to ensure data changes are made by authorized personnel
- data accuracy through independently recreating and verifying the completeness and accuracy of selected file submissions, including files related to:
 - six-year graduate rate
 - academic progress rate
 - bachelor's degrees awarded within programs of strategic emphasis
 - graduate degrees awarded within programs of strategic emphasis
- the veracity of the university data administrator's data submission statements that indicate, "I certify that this file/data represents the position of this University for the term being reported."
- the consistency of data submissions with the data definitions and guidance provided by the BOG through the data committee and communication at data workshops
- the university data administrator's data resubmissions to the BOG with a view toward ensuring these resubmissions are necessary, authorized, and appropriately limited

Overview of Results

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the accuracy and completeness of data submitted to the BOG in support of performance based funding.

Further, we believe that our audit can be relied upon by the UCF Board of Trustees and president as a basis for certifying the representations made to the BOG related to the integrity of data required for the BOG performance based funding model.