

EXECUTIVE SUMMARY

In a letter to university Presidents and Boards of Trustees dated June 25, 2015, the Chairman of the Board of Governors (BOG) wrote:

“At the direction of this Board, each University President shall again complete a Data Integrity Certification affirmatively certifying each representation and/or providing an explanation as to why the representation cannot be made as written.

To make such certifications meaningful, university boards of trustees shall direct the university Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university’s processes that ensure the completeness, accuracy and timeliness of data submissions with an emphasis on data that supports performance funding metrics.”

Our audit period was October 1, 2014, through September 30, 2015. Accordingly, fieldwork began for the *Performance Funding Data Integrity – 2015* audit on August 18, 2015, and ended on November 9, 2015. Our audit was conducted in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and generally accepted auditing standards.

BACKGROUND

The Florida BOG has broad governance responsibilities affecting administrative and budgetary matters for Florida’s 12 public universities. Beginning in fiscal year 2013/14, the BOG instituted a performance funding program 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 things. According to information published by the BOG in May 2014, the following are key components of the funding model:

- *Institutions will be evaluated on either Excellence or Improvement for each metric.*

- *Data is based on one-year data.*
- *The benchmarks for Excellence were based on the Board of Governors 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement were determined after reviewing data trends for each metric.*
- *The Florida Legislature has approved \$100 million in new funding for performance funding and a proportional amount to total \$65 million would come from each university’s recurring state base appropriation and another \$35 million from other system initiatives.*

HISTORY OF UWF AND THE METRICS

The State University System (SUS) scores for BOG Performance Based Funding (PBF) for 2014 gave UWF a score of 21, which was below the minimum of 25 as required by the BOG PBF policy to receive funding. Institutions scoring less than 25 had base funding withheld and were required to submit an Improvement Plan in order to have their base funding restored.

UWF senior leadership submitted an Improvement Plan to the BOG which was approved on June 19, 2014. In December 2014, UWF received ½ of the withheld base funding; the other ½ was received in June 2015. When the SUS 2015 PBF scores were released in March 19, 2015, UWF’s score was 37. This substantial improvement was made by the amelioration of the following metrics:

- Metric 2: Median Average Wages of Undergraduates Employed in Florida 1 Year after Graduation
- Metric 4: Six Year Graduation Rates (Full-time and Part-time FTIC)
- Metric 5: Academic Progress Rate (2nd Year Retention with GPA above 2.0)
- Metric 8.a: Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM)

FUTURE AT UWF WITH THE METRICS

UWF is at risk of losing some State funding relative to metrics. This is partially due to the non-scoring of the Educational Leadership graduate degree at the University. The inability to include this degree's statistics in the UWF metrics could result in nine fewer metric points.

The Educational Leadership graduate degree was one of the first education degrees at UWF to be migrated to a fully online delivery mode as a means of accommodating the needs of working adults. During this time, Educational Leadership was identified as a program of strategic emphasis in the category of Economic Development: high wage/high demand which was part of the Board of Governors' Y-Axis goals. The methodology for the Y-Axis goals is described in the BOG State University System Strategic Plan for 2005-2013 and published in June 2005.

In August 2008, the status of the Educational Leadership graduate degree changed to an area of strategic emphasis only for Florida Gulf Coast University. However, the BOG Academic Program Inventory accessible to Academic Administrators across the University via the BOG web-site continued to show the Educational Leadership degree on its list of areas of strategic emphasis since Fall 2005 even though the BOG list indicates that "Programs of Strategic Emphasis that are assigned to one University are not included." This created some confusion about the status of the Educational Leadership degree until Fall 2014 when it became the only education degree removed from the list.

Unfortunately for UWF, 2014/2015 was the first academic year that produced a significant increase in the number of graduates in its Educational Leadership program as a result of the work over the course of many years by the Dean of the College of Education and Professional Studies and the

Innovation Institute to redesign the curriculum and successfully deploy the program in a fully online format.

Former Chancellor Mark Rosenberg described the potential for a university to be adversely affected by possible changes in a strategic programs list in a response to an OPPAGA study entitled *Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed* published in March 2006. In his response to this report, the former Chancellor expressed caution about linking continuation funding for a university to degree production in targeted programs. He described this approach as risky because programs could be deleted from the list before graduates are produced. UWF is now experiencing this reality.

PRIOR AUDIT

This audit was performed last year at the request of the BOG with a report date of November 10, 2014. A review of internal controls over completeness, accuracy, and timeliness of submissions revealed sound processes. There was one opportunity for improvement noted:

With UWF's recent transition from a legacy data system to Banner, not all of the key policies and procedures related to the submission of required SUS data files had been updated and formalized in writing yet, to align with the new data system.

UWF utilizes team collaboration and knowledge management software (Confluence) as a database for University business process narratives. Procedures for data files using Banner were formalized throughout the year as BOG submissions occurred. As this is the first full year to submit BOG data files using Banner Student, formal procedures are finalized as files are submitted to the BOG.

Accordingly, full implementation is expected prior to year's end.

KEY OBSERVATIONS

Overall, internal controls over the completeness, accuracy, and timeliness of data submissions to the BOG appeared sound. The audit revealed two opportunities for improvement:

1. During fieldwork, management identified an error in the application of the BOG definition/rule for calculating University GPA. The programming algorithm included prior and current semester credit hours instead of prior term credit hours only, as the BOG definition prescribes. Internal Auditing and Management Consulting was notified by management promptly after the error was identified.

As noted in the table on Finding 1 (page 6), if a correction had been made in the algorithms prior to the submission, the Academic Progress Rate, Metric 5, would have resulted in one additional point for UWF in the 2014-2015 reporting period. However, it would not have affected the overall ranking of UWF among the SUS institutions or the amount of funding received by any of the SUS institutions. Clarification regarding resubmission for Academic Progress Rate for prior years will need to be sought from BOG.

2. Two resubmissions occurred during our audit period as a result of misinterpretation and miscommunication.
 - a. The Student Instruction File (SIF) required resubmission to the BOG due to a misinterpretation of the data definition. BOG data element descriptions are written in present tense and not past tense as the

BOG intended. This contributed to misinterpretation and inconsistency. As a result, data element 01354 in the SIF file was miscoded requiring the SIF file to be resubmitted for three (3) reporting periods. This has been corrected and a resubmission request was sent to the BOG on November 4, 2015.

- b. Additionally, a miscommunication resulted in the expenses for the Florida Virtual Campus (FLVC) being incorrectly classified in the Operating Budget file used to compute the Cost to Degree. The expenses for the FLVC should be coded as *I&R Centers* so that they will not be included in the Cost to Degree calculation. A miscommunication during the transition of the FLVC to UWF resulted in the costs being recorded as *Public Service*. This was corrected and the file resubmitted to BOG on October 9, 2015.

The detailed Observations Report, including management's response and action plans, is attached for your convenience.

NOTABLE STRENGTH

To proactively manage any other errors with BOG submissions and data files, the Provost has implemented a procedure that all submissions must have an independent, dual validation prior to submission. Programmers in two different departments (Provost's Office and Institutional Research) independently write/run queries based on their understanding/interpretation of the BOG definitions. Results are then compared and any differences are reconciled with the assistance of the BOG as needed before submitting the data to the BOG. This "best practice" is well designed to prevent further errors resulting from misinterpretations of the BOG definitions. We

commend them for the dedicated effort to ensure accurate records.

SUGGESTED MANAGEMENT ACTIONS

Below is an opportunity identified to strengthen the overall control environment:

- A thorough review of all algorithms related to BOG metric data files should be performed as necessary, but no less than once a year.
- ▲● Independent validations to verify data should continue. Updates and clarification should be elicited from BOG for the data element definitions to ensure consistency in interpretation and application of data elements across the SUS.

CONCLUSION

Based on our audit, we have concluded that the controls and processes the University of West Florida has in place to ensure the completeness, accuracy and timely submission of data to the Board of Governors in support of performance based

funding are adequate. Further, we believe that our audit can be relied upon by the University Board of Trustees and President as a basis for certifying the representations made to the Board of Governors related to the integrity of data required for its performance based funding model.

We appreciate the cooperation, professionalism, and responsiveness of the staff who were involved in the audit.

Respectfully submitted,

Betsy Bowers, CIA, CFE, CGFM, CIG, CRMA
Associate Vice President, Internal Auditing and
Management Consulting

Audit performed by: Dan Bevil

REPORT PROVIDED TO THE FOLLOWING:

Dr. Judith A. Bense, President
Lewis Bear, Chair Board of Trustees
Dr. Martha Saunders, Provost and Executive Vice President
Dr. Steven Cunningham, Vice President Finance and Administration
Dr. George Ellenberg, Vice Provost
Pat Lott, General Counsel
Robert Dugan, Dean of Libraries
Shelly Blake, Director, Provost Office
Dr. Joffery Gaymon, Assistant Vice President, Enrollment Affairs
Dr. Michael White, Director Institutional Effectiveness, ASPIRE
Keith King, Associate Director of Institutional Research
Melanie Haveard, Executive Director and CTO, Information Technology Services
Janice Gilley, Assistant Vice President, Governmental Relations
Jim Stultz, Auditor General, Manager, Florida Colleges & Universities
Ken Danley, Auditor General, Audit Supervisor, Pensacola
Joe Maleszewski, BOG Chief Inspector General
Susan O'Connor, Chair Audit Committee, Board of Trustees
Dr. Pam Dana, Audit Committee, Board of Trustees
Bob Jones, Audit Committee, Board of Trustees
Rebecca Luntsford, Executive Specialist, Liaison to the Board of Trustees



**OBSERVATIONS
WITH
MANAGEMENT'S
RESPONSE**

**Performance Funding Data Integrity - 2015
UWF 15-16_004**

OBSERVATION #1 WITH MANAGEMENT RESPONSE

What We Found

The GPA calculation reported on the BOG metrics data file was inaccurate. A coding error affecting the University GPA calculation existed in the Academic Progress Rate file submitted for the BOG metrics. The programming code included prior semester and current semester credit hours instead of prior term hours only, as the BOG algorithm is designed. Management created an independent verification process and found this programming error.

**Academic Progress Rate (GPA) Calculations
Using Original and Corrected Reporting Methods**

	Method	2012-2013	2013-2014	2014-2015
Total Cohort	Both	1,625	1,316	1,385
Returning with 2.0+ GPA	Incorrect	991	851	886
	Correct	999	871	898
Academic Progress Rate	Incorrect	60.98%	64.67%	63.97%
	Correct	61.48%	66.19%	64.84%
Academic Progress Rate	Incorrect	61%	65%	64%
	Correct	61%	66%	65%
Improvement Score (Metric 5)	Incorrect	0	4	0
	Correct	0	5	0

Why the Issue is Important

The error resulted in one less point for metric five (5) in the 2014-15 reporting period. Inaccurate BOG metrics data reporting could result in the University losing much needed funding from the State of Florida.

What is Causing the Issue

The erroneous algorithm has been long-standing. It was not reviewed as part of the Banner conversion. The file from Banner was tested for accuracy against the prior system file. Since both files contained the error in coding, it went unnoticed.

What is Expected or Required

● All BOG files must be accurate. Data files should be consistent with the definitions set forth by the BOG.



What We Suggest

All coding related to the BOG metrics should be reviewed for accuracy and independently validated prior to the next submission. A thorough review of all algorithms related to BOG metric data files should be performed as necessary, but no less than once a year, and records of these reviews should be maintained. Clarification from the BOG should be sought regarding any resubmission of prior year data on the Academic Progress Rate, Metric 5.



Responsible Auditee	Dr. Martha Saunders, Provost and Executive Vice President Dr. George Ellenberg, Vice Provost Robert Dugan, Dean of Libraries
What Action Management Commits to Do	<p>In working toward a greater level of data integrity, Institutional Research staff at UWF and Board of Governors' Institutional Research staff review data and data submissions. This is particularly important as UWF moves from its decades-old legacy system to an enterprise integration of Banner Student. The Board of Governors staff has been very helpful in this regard and has assisted us with identifying many issues with the data submissions.</p> <p>As stated in the Notable Strength section of this report, the Provost has implemented an independent, dual validation procedure prior to submission. While this may seem as a duplication of effort, we believe this is a necessary step given the complexity of the data structures, tables, and fields that are queried in order to submit the files correctly. Clarifications of data element definitions will be sought as appropriate in order to ensure that UWF is adhering to established system definitions to ensure consistency in interpretation and application.</p>
Implementation Date	Effective immediately.

OBSERVATION #2 WITH MANAGEMENT RESPONSE

What We Found	<p>Two resubmissions occurred during our audit as a result of misinterpretation and miscommunication.</p> <ol style="list-style-type: none"> The Student Instruction File was found to be in error for three (3) reporting periods. Coding for the Profile Assessment Flag element of the Student Instruction File (SIF) 2015 was in error. The Board of Governors' (BOG) description of data element 01354 was misinterpreted to read present tense and not past tense as the BOG intended, resulting in an error in the file submission coding. As a result, three SIF files will be resubmitted to the BOG: August 2014, January 2015, and May 2015. The expenses for the Florida Virtual Campus (FLVC) were miscoded in the Operating Budget file used to compute the <i>Cost to Degree</i>. The expenses for the FLVC should be coded as <i>I&R Centers</i> so that they will not be included in the <i>Cost to Degree</i> calculation. A miscommunication during the transition of the FLVC to UWF resulted in the costs being recorded as <i>Public Service</i>.
Why the Issue is Important	<p>Numerous data resubmissions could indicate systematic inconsistencies. Inaccurate BOG Metrics data reporting could result in the University losing much needed funding from the State of Florida.</p>
What is Causing the Issue	<p>University staff had difficulties understanding BOG definitions of cost components that go into the <i>Cost of Degree</i>. During the UWF and FLVC transition, a miscommunication was made regarding the financial reporting of FLVC costs. Many BOG data element descriptions are written in the present tense and not past tense as the BOG intended, resulting in misinterpretation and subsequent collection of data.</p>
What is Expected or Required	<p>  All BOG data files should be consistent with the definitions set forth by the BOG and appropriate accounting standards.</p>
What We Suggest	<ol style="list-style-type: none"> A thorough review of all coding related to the BOG metrics should be documented as necessary, but no less than once per year. Independent validations to verify data should continue. Seek updates and clarifications from BOG for the data element definitions to ensure consistency in interpretation and application of data elements across the SUS.
Responsible Auditee	<p>Dr. Martha Saunders, Provost and Executive Vice President Dr. George Ellenberg, Vice Provost Robert Dugan, Dean of Libraries</p>
What Action Management Commits to Do	<p>In working toward a greater level of data integrity, Institutional staff at UWF and Board of Governors' Institutional Research staff reviews data and data submissions. This is particularly important as UWF moves from its decades-old legacy system to an enterprise integration of Banner Student. The Board of Governors staff has been very helpful in this regard and has assisted us with identifying many issues with the data submissions.</p>



As stated in the Notable Strength section of this report, the Provost has implemented an independent, dual validation procedure prior to submission. We believe that concentrating efforts in this area, although duplicative, is justified due to the critical need for accurate data. As part of this effort, we will also conduct a thorough review of all coding related to the BOG metrics annually.

Implementation Date

Effectively immediately.
