MEMORANDUM

To:	**Dr. Larry Robinson, President**
From:	**Richard E. Givens, CPA**
Date:	**February 20, 2017**
RE:	**Performance Based Funding Data Integrity Audit 2017-1**

In accordance with the University's Internal Audit Plan for Fiscal Year 2016-17, and at the request of the Florida Board of Governors, we have conducted an audit of the processes and controls that Florida A & M University has in place related to data submissions in support of the BOG performance based funding metrics as of October 30, 2016. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

Please call me if you have any questions.

cc: University Provost
Vice Presidents
FAMU Board of Trustees
Inspector General, Florida Board of Governors
State Auditor General

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY

Excellence with Caring

PERFORMANCE BASED FUNDING
DATA INTEGRITY AUDIT 2017-1

February 20, 2017

Division of Audit and Compliance
Richard Givens, Vice-President

FLORIDA AGRICULTURAL & MECHANICAL UNIVERSITY PERFORMANCE BASED FUNDING DATA INTEGRITY AUDIT 2017-1

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2016-17, and at the request of the Florida Board of Governors (BOG), we have conducted an audit of the University's processes and controls which support data submitted to the BOG for its performance based funding metrics. This audit was part of a system-wide examination based on data submitted as of October 30, 2016.

The primary objectives of this audit were to:

- Evaluate controls and processes to ensure completeness, accuracy and timeliness of data submitted to the BOG; and,

- Provide a reasonable basis of support for the Performance Based Funding Data Integrity Certification statement.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as compliance testing for a sample of data elements included in files submitted for various BOG performance based funding metrics.

Observations noted are as follows:

- Some inappropriate or unnecessary information technology (IT) access privileges existed within iRattler System, indicating a need for an improved review of access privileges.
- Data submissions were not submitted by the required due date.
- An inadequate separation of duties existed in that an employee could add a student to the graduation report and approve the student for graduation without any other review or approval.
- Degree audits are performed to verify that the student successfully passed all courses in the curriculum. Our review disclosed instances in which the degree audits were not signed by the preparer and reviewer. Degree Progress Course Exception Forms are completed for making an exception for a student to take a course in lieu of a required course in their program. Our review disclosed instances where the Forms were not signed by the preparer and reviewer. In one instance, the degree audit showed a required course was not completed.

Based on our observations and tests performed, we are of the opinion that the University's processes and internal controls for data compilation and reporting to the BOG are adequate. We consider the improvements identified in the Observations and Comments section of this report to be significant in helping to ensure the completeness and accuracy of data submitted for performance based metrics in future periods.

SCOPE AND OBJECTIVES

At the request of the Florida Board of Governors, we have conducted an audit of the University's processes in place to ensure the completeness, accuracy, and timeliness of data submissions to the BOG. The primary objectives of this audit were to:

- Evaluate controls and processes established by the Office of Institutional Research and primary data custodians to ensure completeness, accuracy and timeliness of data submitted to the BOG; and,

- Provide a reasonable basis of support for the Performance Based Funding Data Integrity Certification statement, which is required to be signed by the University President and Board of Trustees Chair.

METHODOLOGY

Data submitted to the BOG, upon which performance funding is based, and the methods and controls applied by management to ensure data integrity were subject to several key audit procedures. Specifically, detailed management narratives, as well as BOG publications related to data compilation were reviewed, and various samples of data reported to the BOG were verified to University source documents. Specific information describing the work conducted to address the audit objectives is included in Appendix A to this report.

Our audit was conducted in accordance with current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors.

BACKGROUND

The Florida Board of Governors 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 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 outcomes. 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.

OBSERVATIONS AND COMMENTS

System Access Controls and User's Privileges

Some inappropriate or unnecessary information technology (IT) access privileges existed within iRattler that had not been corrected from the prior two audit years. The presence of the inappropriate or unnecessary IT access privileges indicate a need for an improved review of access privileges to ensure access is consistent with an employee's job duties. The existence of the inappropriate or unnecessary access privileges increased the risk of unauthorized disclosure, modification, or destruction of University data and IT resources. However, additional testing of performance funding file data provided assurance that the inappropriate access privileges did not have an impact on the accuracy of file data. Additionally, a user access review was not performed for seven departments who perform critical data functions as it relates to performance funding. Periodic reviews of access privileges are necessary to ensure that employees can only access IT resources that are necessary to perform their assigned job duties and that the assigned access privileges enforce an appropriate separation of incompatible duties.

Recommendation. A User access review should be performed to ensure access is consistent with an employee's job duties.

Corrective Action Plan

Management's corrective action plan states the following actions will be taken:

- Information Technology Services (ITS) subject matter experts (SME) and core users from the offices will work together to determine the access needed for each level of duty. A security matrix will be developed to include segregation of duties and enhanced descriptions for roles. In addition, ITS has hired a consultant, who will be assisting the department in updating the security matrix. The consultant began work in February 2017.

  Responsible Employees: Candace McCrary, Associate Director of iRattler Security
  Implementation date: June 2017.

- Complete an annual user role re-certification project to include 1) completion of a testing prototype application to ensure it conforms to specifications, 2) reviewing and updating descriptions of access roles with SMEs and departments, 3) executing annual re-certification test internally within ITS to discover and address any issues, 4) assigning a coordinator within each department who will assist in entering an organizational chart, 5) executing an annual test and generate reports.

  Responsible Employees: Candace McCrary, Associate Director of iRattler Security
  Implementation date: September 2017.

Data Submissions

Data submissions were not submitted by the required due date, contrary to Board of Governors Regulation 3.007(5)(b).

- The Student Instruction File (SIF) Summer 2016 and SIF Spring 2016 files were submitted 24 and 20 days late, respectively. The late submission was due to errors caused by the current file SQR. The errors affected facility id's and course information that had to be manually corrected.

- The Degrees Awarded File (SIFD) Summer 2016 and SIFD Spring 2016 files were submitted 14 and 26 days late, respectively. The late submission was because the SIFD could not be submitted until the SIF had been submitted and accepted.

Corrective Action Plan

Management's corrective action plan states the following actions will be taken: 1) Rewrite the SQR for building the SIF file to improve the field mapping between State University Database System (SUDS) and PeopleSoft, 2) Update the facility data in PeopleSoft, 3) Update the course section identification process through the implementation of Visual Schedule Builder and Ad Astra.

In addition, a Data Integrity Committee has been appointed to review and monitor the processes and procedures for the data collection, recording and submission process. The committee identified the re-write of the data extraction software as being critical to being able to file data timely. The university has received quotes from consultants to perform the re-write and will submit a proposal to the Title III program for funding.

Responsible Employee: Agatha Onwunli, Registrar; Ronald Henry, Interim Chief Information Officer
Implementation date: November 2017.

Separation of Duties

When students do not apply for graduation by the application deadline, or where the student meets the requirement for graduation but does not apply, they can be manually added to the graduation report. An employee in the Registrar's office has the access capability to manually add a student to the graduation report and approve the student for graduation. No review or approval is required by another employee within the Registrar's Office or the College/school to verify that the student meets the requirements for graduation. We were informed that the Registrar Office's procedure is to manually add to the graduation report only with written authorization from the school/college.

An adequate separation of duties requires that an employee not have the capability to authorize, record, and approve a transaction. If duties cannot be reasonably separated, adequate compensating controls are needed to provide reasonable assurance that errors or irregularities are timely identified and corrected. When one employee has the access to

4

authorize, add, and approve students to the graduation report without adequate compensating controls, the risk that an ineligible student could be awarded a degree is increased.

Recommendation. We requested a list of the manual additions to the graduation report by the employee in the Registrar's office. Our review indicated that the students who were manually added to the graduation report were approved by the colleges/schools. However, to improve internal controls, we recommend that the duties be properly separated or mitigating controls, such as an independent review of manual additions, be implemented.

Corrective Action Plan

A compensating control will be implemented immediately by development of a report for students who are manually added to the Graduation Report. This report will be sent to the academic departments to verify that the students meet the eligibility requirements and returned to the Registrar's Office to document approval of the college/school. Annual training will be provided to employees in both the Registrar's Office and the academic departments to emphasize the importance of verification of these students and to ensure they have the knowledge and skills needed to perform these duties.

The duties will be separated so that one employee does not have the capability to add a student to the graduation roster and approve the student for graduation.

Responsible Employee: Agatha Onwunli, Registrar; Ronald Henry, Interim Chief Information Officer
Implementation date: Summer 2017

Degree Audits

Our review disclosed that degree audits were to be performed to determine whether students met the requirements for graduation. The degree audits were to be performed by employees in the school/college to verify that the student successfully passed all courses in their program. Our review disclosed that degree audits were performed and that students generally met the requirements of the curriculum; however, we noted the following areas for improvement:

- Degree audits were not signed, in some instances
- Students are allowed an exception for taking a course in lieu of a required course in their program. The exceptions were allowed upon review and approval of the academic advisor and the department chair. A Degree Progress Course Exception Form was to be completed to document the class exception and provide information used to determine the reason for the exception. The completed Form was to be forwarded to the Registrar's Office to update the student's information in the academic advisor module. The academic advisor and department chair are to approve the class exception; however, our review of these forms disclosed instances where the required justification for a class exception was not documented on the form and the forms were not always signed. In one instance the student did not take a required course. Although requested, we were not provided documentation that the student took a course in lieu of the

required course; however, we consider this to be an isolated instance based on audit procedures performed.

Without justification of the class exceptions and/or the approval of the academic advisor and department chair, the class exceptions were not adequately documented.

Recommendation. We recommend that the class exception forms be completed to include adequate justification and approval of class substitutions. The Registrar's Office should not accept incomplete Degree Progress Course Exception Forms. We also recommend that degree audits be signed by staff who complete the degree audit.

Corrective Action Plan

Degree audits will be signed by staff who complete the degree audit. Incomplete Class Exception Forms will be returned to the school/college to obtain the information required for changing student information. In addition, the degree audit process and the process for completion of class exception forms will be reviewed and guidance and training provided to the colleges/schools in completion of these processes. The process for substitution of courses in lieu of required courses will be reviewed, including consideration of establishing a maximum number of course substitutions allowed.

Responsible Employee: Carl Goodman, Associate Vice President Academic Affairs, Agatha Onwunli, Registrar

Implementation Date: Summer 2017

CONCLUSION

Based on our audit, we have concluded that the controls and processes which Florida A & M University has in place to ensure the accuracy and completeness of data submitted to the Board of Governors in support of performance based funding is adequate. None of the observations and comments affected the integrity of the data submissions. In our opinion, we consider management's approach and suggestions to improve the integrity of the data, as cited in this report, to be reasonable and cost effective to implement. Further, we believe 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 integrity of data required for its performance based funding model.

AUTHORITY

Pursuant to the Division's Audit Charter, I have directed that this report be prepared to present the results of our audit.

Richard E. Givens

Richard E. Givens, CPA

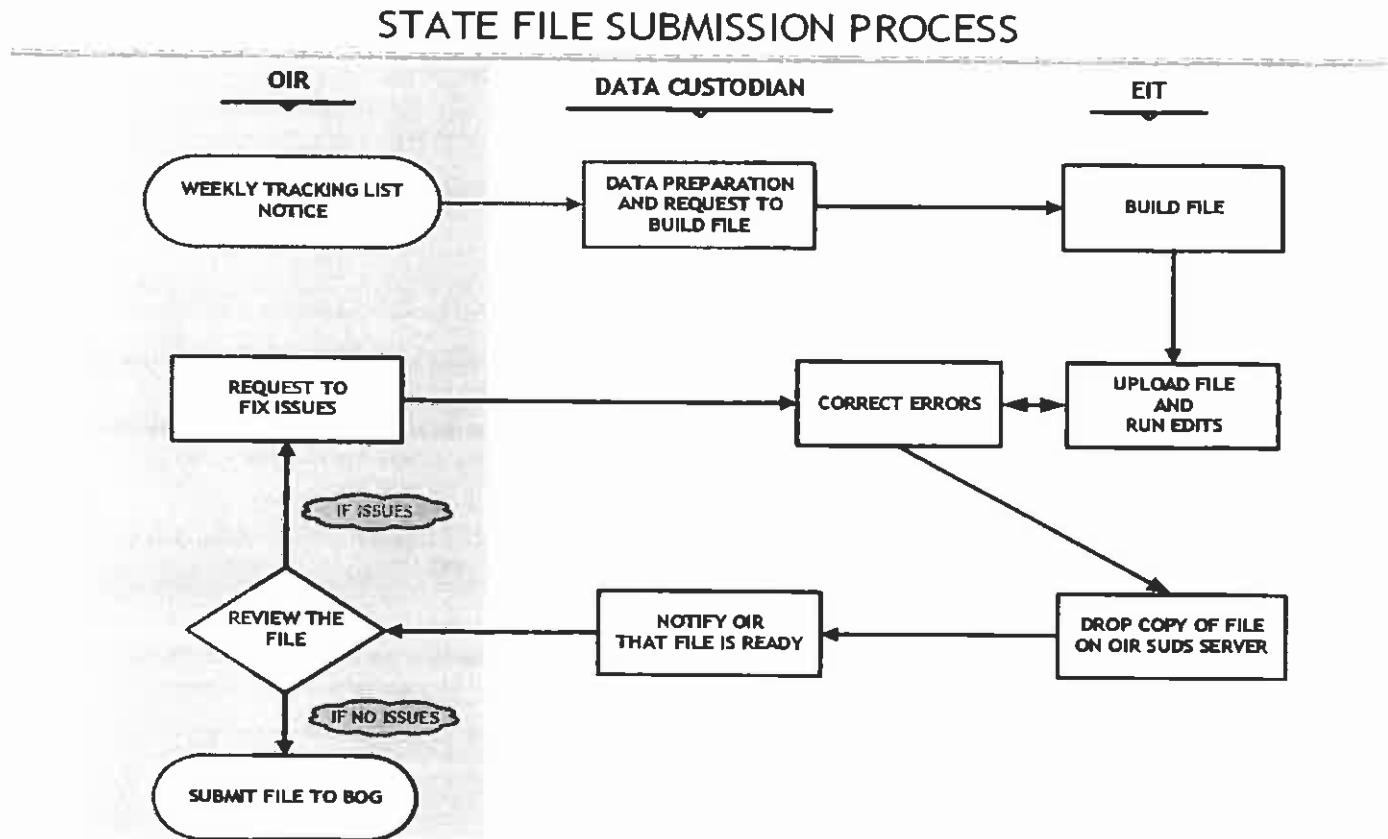February 20, 2017

6

APPENDIX A

OVERVIEW OF AUDIT PROCEDURES PERFORMED
BY OBJECTIVE

A. Determine accuracy/reliability of the data reported for the University's Performance Funding Metrics report for the 2016-17 FY.

- o **Performed** tests to determine if the data files submitted in SUDS was accurately extracted and converted from i-rattler.
- o **Performed** tests to determine the accuracy of data in selected files submitted to the BOG.
- o **Performed** tests regarding the degree certification process and degree approval process to ensure reliability for the Degrees Awarded file which is used in several metrics.
- o **Reviewed** the University's overall process for building SUDS files, testing and reviewing SUDS files prior to submission, and the submission process for SUDS files.

B. Determine whether the appointment of the Data Administrator by the university president and duties related to these responsibilities are incorporated into the Data Administrator's official position description.

- o **Reviewed** the Data Administrator appointment letter sent to the Board of Governors by President Mangum.
- o **Reviewed** the position description for the Assistant Vice President of Academic Affairs for Institutional Reporting and Research.

C. Evaluate the processes used by the Data Administrator to ensure the completeness, accuracy and timely submission of data to the Board of Governors.

- o **Reviewed** the State File Reporting Process documents for the steps taken to ensure the completeness of submissions to the Board of Governors.
- o **Interviewed** Dr. Owusu regarding the performance funding submission process.
- o **Reviewed** the Data Administrator responses to questions regarding changes from last year in the process he takes to ensure the completeness, accuracy and timeliness of submission to the Board of Governors.
- o **Reviewed** Emails for examples of additional steps OIR takes to ensure accuracy of data.
- o **Reviewed** the Board of Governors Data Requests Weekly Tracking/Monitoring List.

D. Evaluate any available documentation including policies, procedures, and desk manuals of appropriate staff and to assess their adequacy for ensuring data integrity for university data submissions to the Board of Governors.

- o **Reviewed** any changes to the data file matrix, submission flowcharts, and business process for submitting the SIF, SIFD, HTD, IRD, RET, SFA, and EA files.
- o **Reviewed** the policies and procedures data submission process performed by the Data Administrator for the overall performance funding file submission process.
- o **Reviewed** any changes to the data entry procedures within i-rattler for the data used to build the SIF, SIFD, HTD, IRD, RET, SFA, and EA files.

7

- o **Interviewed** data owners within OIR, Registrar's Office, Financial Aid, Admissions, Test Services Bureau, Academic Affairs and IT Services personnel regarding the policies and procedures for data file development and submission and data entry.

E. Review system access controls and user privileges to evaluate if they are properly assigned and periodically reviewed to ensure only those authorized to make data changes do so.

- o **Performed** tests of user access privileges for all accounts on SUDS.
- o Interviewed the ITS Associate Security Director to determine if any work had been performed to correct the inappropriate or unnecessary access privileges noted in the prior year audit or if any user access reviews had been conducted since the prior audit.

F. Test data accuracy through tracing sampled items to source documents.

- o **Performed** tests of data accuracy for the SIFD, HTD, SIF, and SFA files.
- o **Performed** tests of Personal Demo information included in the above files for data accuracy.
- o **Performed** tests to ensure the process used to certify degrees within colleges and schools were being followed.
- o **Performed** tests to review the Pell Grant process within iRattler.

G. Determine 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."

- o **Interviewed** Dr. Owusu regarding the performance funding submission process and the validation statement.
- o **Reviewed** the email from Joseph Maleszewski, BOG Inspector General, confirming that the Board of Governors had implemented an electronic certification process.

H. Evaluate consistency of data submissions with the data definitions and guidance provided by the Board of Governors through the Data Committee and communications from data workshops.

- o **Reviewed** the Submission Matrix submitted by Dr. Owusu.
- o **Interviewed** Dr. Owusu regarding the performance funding submission process and the validation statement.
- o **Performed** additional testing of the file manual edit process for all files that had a high number of edits or issues with the SQR data extraction.

I. Review the university Data Administrator's data resubmissions to the Board of Governors with a view toward ensuring these resubmissions are both necessary and authorized. This review will also evaluate how to minimize the need for data resubmissions.

- o **Reviewed** the Submission Matrix submitted by Dr. Owusu.
- o **Interviewed** Dr. Owusu regarding the performance funding submission process and the validation statement.
- o **Performed** a test of SUDS user access to ensure that access to submit files are limited to the appropriate personnel.

APPENDIX B

STATE FILE SUBMISSION PROCESS

STATE FILE SUBMISSION PROCESS

OIR	DATA CUSTODIAN	EIT

WEEKLY TRACKING LIST NOTICE → **DATA PREPARATION AND REQUEST TO BUILD FILE** → **BUILD FILE**

REQUEST TO FIX ISSUES → **CORRECT ERRORS** ↔ **UPLOAD FILE AND RUN EDITS**

IF ISSUES

REVIEW THE FILE ← **NOTIFY OIR THAT FILE IS READY** ← **DROP COPY OF FILE ON OIR SUDS SERVER**

IF NO ISSUES

SUBMIT FILE TO BOG

FAMU Office of Institutional Research

Revised June 20, 2014

The OIR is responsible for coordinating the submission of files to the Florida Board of Governors (FLBOG). The chart above illustrates the general workflow process involved in state data file submissions.

The OIR serves as the primary coordinator of file submissions to the FLBOG. Tracking of all state file submissions is done using the Florida Board of Governors Weekly Tracking List.

The State File Submission Process

The timely submission of any file to the FLBOG requires coordination and cooperation among a number of university stakeholders. To ensure the timeliness and accuracy of data, each responsible department must do its part.

As is noted in the immediately preceding subsection, state files and routine reports appear on the Weekly Tracking List a minimum of three months before they are required to be submitted

to the OIR. While the initiation dates for the various submissions may vary, the process for constructing and submitting files to the FLBOG and other stakeholders is carried out as follows:

1. Based on submission deadlines, the data custodian will request that a file be constructed. This may include data preparation and organization by the requesting department. Once this is complete, the data custodian will send a request to Enterprise Information Technology (EIT) staff to build the file.

2. The EIT will build the file based on the parameters outlined by BOG.

3. Once the file is built, the EIT will upload the file to the State University Data System (SUDS) server and run appropriate edits.

4. If errors are detected, the assigned EIT staff and data custodian(s) will work collaboratively to correct all errors identified.

5. Once the identified errors are corrected EIT staff uploads the file and rerun the edits again to ensure that the file is free of errors (repeat 2, 3 and 4 until the file is free of errors).

6. When the file is free of errors, the EIT staff sends a copy of the actual file to the shared OIR server.

7. The data custodian will then notify the OIR that the file is ready for review and submission.

8. Upon notification that the file is ready for review, the OIR will review the file and run its own edits to ensure data integrity and accuracy.

9. If the OIR determines that there are no errors, the file will be submitted to the Board of Governors. If, however, the OIR identifies errors or other potential problems with a file it will request that data custodian and the EIT make any necessary corrections (repeat steps 4, 5, 6 and 7 above until the file is clean and free of errors and deemed by the OIR to be ready for submission).

STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Performance Based Funding
March 2017 Data Integrity Certification

Name of University: Florida Agricultural & Mechanical University
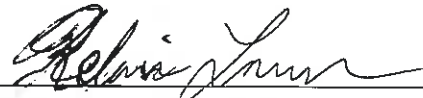
INSTRUCTIONS: Please respond "Yes" or "No" for each representation below. Explain any "No" responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted audit findings.

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance Based Funding decision-making.	☒	☐	Except as noted in the audit report. The control deficiencies noted in the audit report did not have a significant impact on the data submitted to the BOG.
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	☒	☐	Except as noted in the audit report. The control deficiencies noted in the audit report did not have a significant impact on the data submitted to the BOG.
3. In accordance with Board of Governors Regulation 1.001(3), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	☒	☐	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	☒	☐	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	☒	☐	

Performance Based Funding
Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	**Yes**	**No**	**Comment / Reference**
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications/processes provided by the Board of Governors Information Resource Management (IRM) office.	☒	☐	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	☒	☐	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	☒	☐	Except as noted in the audit report.
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing **Submit for Approval** represents electronic certification of this data per Board of Governors Regulation 3.007."	☒	☐	
10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.	☒	☐	
11. I recognize that the Board's Performance Based Funding initiative will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting this initiative have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.	☒	☐	

Performance Based Funding
Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference

I certify that all information provided as part of the Board of Governors Performance Based Funding Data Integrity Certification is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.

Certification: *Larry Robinson*   Date *3/2/17*
President

I certify that this Board of Governors Performance Based Funding Data Integrity Certification has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: *[signature]*   Date *3/7/17*
Board of Trustees Chair