



**FLORIDA POLYTECHNIC
UNIVERSITY**

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**University Audit & Compliance
Performance-Based Funding
Data Integrity Audit
For the Period Ending September 30, 2022**

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**University Audit & Compliance
Performance-Based Funding Data Integrity Audit
For the Audit Period Ending September 30, 2022**

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University Audit and Compliance (UAC) is employed by the University. UAC's mission is to serve the University by recommending actions to assist in achieving its strategic and operational objectives. This assistance includes evaluating and providing assurance of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. Accordingly, this report is intended solely for the use of University management and its various oversight authorities and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Executive Summary:

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee and the requirement set forth by State law² and Board of Governors (BOG) Regulations³, University Audit and Compliance (UAC) conducted an audit of Performance-Based Funding (PBF) Data Integrity as of September 30, 2022, and certain actions thereafter.

The objectives of this audit were to:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which relate to the PBF metrics of the University.
- Provide assurance that the various data files which relate to the PBF metrics have been subjected to audit and tested for accuracy and completeness.
- Provide reasonable assurance to the President and the Chair of the Board of Trustees that certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.
- Determine whether appropriate corrective action was taken by University management to correct the Audit Observations from the prior PBF audit.

Audit fieldwork was conducted from October 2022 through January 2023. This audit was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards). Accordingly, these audit procedures provide a reasonable basis for the conclusions drawn from this audit.

Based on the results of this audit, UAC concludes that the University has established appropriate controls and processes to (1) ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF metrics and (2) affirm the various representations in the PBF – Data Integrity Certification form, except as noted below:

No reportable matters noted.

¹ UAC Risk Assessment and Audit Plan for the Fiscal Year Ended June 30, 2023.

² Section 1001.92, Florida Statutes, SUS Performance-based Incentive.

³ Board of Governors Regulation 5.001(8), Performance-Based Funding.

Background, Objectives, Scope, and Methodology:

Background:

The Performance-Based Funding (PBF) Model currently includes 10 metrics that evaluate all State University System (SUS) institutions⁴. The Florida Board of Governors (BOG) designed the model to (1) promote the BOG's strategic plan goals for the SUS (2) reward excellence or improvement (3) have a few clear, simple metrics, and (4) acknowledge the unique mission of the various SUS institutions. Accordingly, the PBF model has several metrics common to all SUS institutions; one selected by the BOG; and one selected by the Florida Poly Board of Trustees (BOT). See **Exhibit C** for a description of the various PBF metrics applicable to Florida Poly.

SUS institutions are evaluated on either excellence or improvement for each PBF metric. The BOG uses data from various data submissions from the most current year to evaluate PBF performance and to make PBF funding decisions for each institution. Therefore, the integrity of data submitted to the BOG is crucial to determining achievement towards strategic goals and funding decisions within the PBF model. Accordingly, State law⁵ provides that each university shall conduct an annual audit to verify that the data submitted complies with the data definitions established by the BOG and submit the audit to the BOG's Office of Inspector General as part of the annual certification process required by the BOG. These data submissions and related controls are the focus of this audit. Although this audit provides assurance over the data submitted to the BOG, the ultimate responsibility for the accuracy and completeness of PBF data submissions and the related data resides with university management.

Objectives:

The objectives of this audit were approved⁶ prior to audit completion and were as follows:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which relate to the PBF metrics of the University.
- Provide assurance that the various data files which relate to the PBF metrics have been subjected to audit and tested for accuracy and completeness.
- Provide reasonable assurance to the President and the Chair of the BOT that certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.
- Determine whether appropriate corrective action was taken by University management to correct the Audit Observations from the prior PBF audit.

⁴ Prior to the 2021-22 funding year, Florida Poly did not participate in the PBF funding model since it was a newly established institution without sufficient cohort history to measure performance against the established metrics.

⁵ Section 1001.92, Florida Statutes, SUS Performance-based Incentive.

⁶ Approved by the Florida Poly Audit and Compliance Committee on September 21, 2022, and approved by the Florida Poly BOT on September 28, 2022.

Scope and Methodology:

The scope of this audit was approved⁶ prior to audit completion and included the following:

- An evaluation of the validity of representations outlined in the Performance Based Funding – Data Integrity Certification form.
- An evaluation of controls established to ensure the completeness, accuracy, and timeliness of data files that were submitted to the BOG.
- An evaluation of access controls.
- Testing of PBF data submissions for accuracy, completeness, and consistency with data definitions and guidance provided by the BOG.
- A review of data resubmissions and data reclassifications to ensure that they were appropriate and conform to BOG guidance.

UAC assessed the risk of material noncompliance with BOG data reporting requirements and obtained an understanding of data integrity controls in order to adequately design audit procedures necessary to accomplish the audit objectives. Audit procedures included, but were not limited to, the evaluation of internal controls, reviewing written policies and procedures, interviewing key personnel, and performing tests and analysis to evaluate whether control procedures were adequately designed and operating effectively to ensure the completeness, accuracy, and timeliness of data files submitted to the BOG for PBF funding decisions.

UAC would like to acknowledge that University staff who took part in the audit were knowledgeable of their respective areas, responded quickly to questions, and showed patience throughout the audit engagement. Their cooperation was greatly appreciated.

UAC conducted this audit in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (IIA Standards).

Audit Observations and Recommendations:

Overall, based on the results of audit procedures performed, UAC concludes that PBF-related controls over data submissions during the audit period were adequate to ensure reliable processes and procedures designed to ensure that data required in reports filed with the BOG are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.

No reportable matters were noted for the current audit.

Exhibit A: Audit Observation Risk Ranking Matrix

NOTE: Not applicable for the current year – no reportable matters noted.

Risk Rating: High

This is a high priority observation; immediate attention from University personnel is required. This is a serious internal control or risk management issue that if not corrected or mitigated could lead to serious consequences.

The criteria that define this rating are as follows: Substantial risk of loss; serious risk of violation of University strategies, policy, or values; serious risk of reputational damage and/or significant risk of adverse impact.

Examples of deficiencies for this rating include, but are not limited to, no existing policy, controls do not exist or not placed into operation, significant fraud detected, significant amount of questioned transactions, and/or significant noncompliance observed,

Risk Rating: Moderate

This is a medium priority observation; timely attention from University personnel is warranted.

The criteria that define this rating are as follows: Moderate risk of financial losses, moderate risk of loss of controls within the program or area audited, and/or adverse impact resulting in moderate sanctions or penalties.

Examples of deficiencies for this rating include, but are not limited to, inconsistent application of policy, only mitigating controls exist, and/or requires additional evaluation or review.

Risk Rating: Low

This is a low priority observation; routine attention from University personnel may be warranted. Recommendation may lead to improvement in the quality and/or efficiency of the process or area audited. Risks are limited.

The criteria that define this rating are as follows: Remote risk of inappropriate activity, insignificant adverse impact, and/or immaterial amounts involved.

Examples of deficiencies for this rating include, but are not limited to, controls exist but only nominal exceptions noted, compensating controls exist but internal controls could be enhanced.

Exhibit B: Action Plan for Audit Observations

Not applicable – no reportable matters noted for the current audit.

Exhibit C: 2023 PBF Metrics and Corresponding Data Submission Files

Metric 1: Percent of Bachelor's Graduates Enrolled or Employed - Earning \$40,000+ (SIFD)

Metric 2: Median Wages of Bachelor's Graduates Employed Full-time (SIFD)

Metric 3: Average Cost to the Student - Net Tuition per 120 Credit Hours (HTD, SFA, SIF)

Metric 4: FTIC Four Year Graduation Rate (SIF, SIFD)

Metric 5: Academic Progress Rate (APR) (SIF, RET, ADM, SFA)

Metric 6: Bachelor's Degrees Awarded in Areas of Strategic Emphasis (SIFD)

Metric 7: University Access Rate - Percent of Undergraduates with a Pell-grant (SFA, SIF)

Metric 8⁷: (a) Graduate Degrees Awarded in Areas of Strategic Emphasis (SIF, ADM, SIFD)

Metric 9⁸: (a) 3 year graduation rate for AA transfers (SIF, SIFD, ADM, RET)

(b)(1) APR, 2nd Year Retention for FTIC with a Pell Grant (SIF, RET, HTD, SFA)

Metric 10: Graduates with 2+ Workforce Experiences (SIFD, Separate Metric 10 data submission file)

ADM – Admissions File

HTD - Hours to Degree File

RET - Retention File

SIF – Student Instruction File

SIFD – Student Instruction File – Degrees Awarded

SFA – Student Financial Aid File

⁷ Metric 8b (ranking of incoming students) was applicable to New College of Florida and Florida Poly in 2022. Going forward, Metric 8a, described above, is now applicable to Florida Poly.

⁸ This metric uses 2 sub-metrics that count 5 points each. Metric (9.b.1) is applicable only to Florida Poly beginning with the next funding cycle. Other SUS institutions use sub-metric (9.b) 6-year graduation rate for Pell students.



Data Integrity Certification

March 2023

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

Applicable Board of Governors Regulations and Florida Statutes: Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1.001.706, 1001.7065, and 1001.92, Florida Statutes

Instructions: To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the close of business on March 1, 2023.

University Name: Florida Polytechnic University

Data Integrity Certification Representations:

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 and Preeminence or Emerging-preeminence Status.
2. In accordance with Board of Governors Regulation 1.001(3)(f), 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.
3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

Data Integrity Certification, March 2023


4. 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. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.
5. 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.
6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.
7. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes 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 the related metrics.
8. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.
9. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.

Exceptions to Note: No reportable matters for the current certification.

Data Integrity Certification, March 2023

Data Integrity Certification Representations, Signatures:

I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) 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: 
Dr. Randy K. Avent, University President

Date: 2/16/23

I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: 
Clifford K. Otto, University Board of Trustees Chair

Date: 2/16/23