

Performance-Based Funding Metrics Data Integrity Audit

**Office of Inspector General Services
Report #23-11**

January 31, 2023

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

Background

In 2014, the Florida Board of Governors (BOG) approved the Performance-Based Funding (PBF) Model. The model includes 10 metrics that evaluate Florida universities on a range of issues (e.g., graduation rates, job placement, academic progress rate). One metric (Metric 10) is a choice metric which was selected by the University's Board of Trustees and focuses on areas of improvement or the specific mission of the University. The remaining metrics are common to all institutions.

The PBF Metrics consist of the following:

- Metric 1: Percent of Bachelor's Graduates Enrolled or Employed One Year After Graduation
- Metric 2: Median Wages of Bachelor's Graduates Employed Full-Time One Year After Graduation
- Metric 3: Average Cost to the Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)
- Metric 4: Four-Year Graduation Rate – Full-time, First Time in College (FTIC) Students
- Metric 5: Academic Progress Rate (Second Fall Retention Rate with at Least 2.0 GPA for Full-Time, FTIC Students)
- Metric 6: Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis
- Metric 7: University Access Rate (Percent of Undergraduates with a Pell Grant)
- Metric 8: Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis
- Metric 9a: Three-Year Graduation Rate - Florida College System (FCS) Associate in Arts Degree (AA) Transfer Students
- Metric 9b: Six-Year Graduation Rate - FTIC Pell Recipient Students
- Metric 10: Number of Bachelor's Graduates who took an Entrepreneurship Class

Florida Statute 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statute 1001.92, State University System Performance-Based Incentive, and requires each University to conduct an annual audit to verify that the data submitted pursuant to Florida Statute 1001.92 complies with the data definitions established by the BOG. The BOG has provided methodology documents for all metrics common to the institutions. The calculations of the PBF Metrics are based on data submitted through the State University Database System. See Appendix B for the complete list of data files used for the calculation of each metric.

Objectives and Scope

The specific objectives of this audit were to:

1. Determine if there were any changes concerning the Data Administrator's appointment and the duties and responsibilities in his official position description.
2. Determine the current status of processes used by the Data Administrator to ensure the completeness,



accuracy, and timely submission of data to the BOG.

3. Determine whether policies, procedures, and desk manuals are adequate to ensure the integrity of submissions to the BOG.
4. Evaluate the current status concerning system access controls and user privileges.
5. Verify data accuracy through detailed testing of key files and data elements.
6. Determine the current status concerning the consistency of data submissions with the data definitions and guidance provided by the BOG.
7. Determine the current status concerning the University Data Administrator's data resubmissions to the BOG.
8. Provide an objective basis of support for the President and Board of Trustees' Chairman to sign the representations made in the PBF Metrics/Preeminent Research University Funding Metrics Data Integrity Certification.

The scope of this audit covered data submissions to the BOG from January 2021 through November 2022.

Based on previous audit results and our assessment of metrics with the highest risks, we selected the following metrics for testing:

- Metric 3: Average Cost to the Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)
- Metric 4: Four-Year Graduation Rate - First Time in College Students
- Metric 5: Academic Progress Rate (Second Fall Retention Rate with at least 2.0 GPA)
- Metric 7: University Access Rate (Percent of Undergraduates with a Pell Grant)
- Metric 9b: Six-Year Graduation Rate - First Time in College Pell Recipient Students

Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant, and useful evidence. It is our opinion that the evidence obtained during our review provides a basis for the findings and conclusion noted in this report.

Overall Conclusion

Overall, it appears that the University has established adequate controls and processes to:

1. Ensure the completeness, accuracy, and timeliness of data submissions to the BOG, which support the University's PBF metrics.
2. Affirm the representations in the Data Integrity Certification form.

While we have identified opportunities for improvement, we view the overall impact as immaterial to the calculation of the PBF Metrics.



SUMMARY OF ISSUES

Issue #1: Students who were awarded Federal Pell Grants were excluded from the 2021-2022 Student Financial Aid (SFA) file submitted to the BOG.

➤ Metric 7, University Access Rate

Our testing identified 29 students who were excluded from the 2021-2022 SFA file that should have been included in the calculation of Metric 7. This resulted in the underreporting of students used in the calculation of the metric.

If these students had been included in the SFA file, it would have improved FSU's performance with this metric.

➤ Metric 3, Average Cost to the Student

Our testing identified 2 students who were excluded from the 2021-2022 SFA file whose financial aid should have been included in the calculation of Metric 3. The total amount of Federal Pell Grant underreported for these 2 students was \$1.8K.

If these students had been included in the SFA file, it would have had no impact on FSU's performance with this metric.

Issue #2: Office of Financial Aid did not include \$714K of Emergency Federal Supplemental Educational Opportunity Grant (FSEOG) Aid in the 2021-2022 SFA file submitted to the BOG.

Metric 3, Average Cost to the Student

During our testing, we identified 1 of 40 (3%) students who received Emergency FSEOG Aid but were not included in the 2021-2022 SFA file. Upon further review, we noted that all disbursed Emergency FSEOG Aid was omitted from the SFA file due to a coding error. The total amount of underreported Emergency FSEOG Aid from the 2021-2022 SFA file submitted to the BOG was \$714K, which was disbursed to 1,487 students.

If the Emergency FSEOG Aid had been included in the SFA file, it would have improved FSU's performance with this metric.



DETAILED OBSERVATIONS

Issue 1: Students who were awarded Federal Pell Grants were excluded from the 2021-2022 SFA file submitted to the BOG.

Rating: Moderate

Condition:

➤ Metric 7, University Access Rate

Our testing identified 29 students who were excluded from the 2021-2022 SFA file that should have been included in the calculation of Metric 7. This resulted in the underreporting of students used in the calculation of the metric.

If these students had been included in the SFA file, it would have improved FSU's performance with this metric.

➤ Metric 3, Average Cost to the Student

Our testing identified 2 students who were excluded from the 2021-2022 SFA file whose financial aid should have been included in the calculation of Metric 3. The total amount of Federal Pell Grant underreported for these 2 students was \$1.8K.

If these students had been included in the SFA file, it would have had no impact on FSU's performance with this metric.

Criteria:

BOG SFA file data elements: The SFA file has specific guidelines regarding what should be reported for each data element.

Cause(s):

The causes are as follows:

- The BOG SFA file data elements do not address whether all students with disbursed financial aid should be reported in the SFA file, regardless of whether the student was reported on the Enrollments file of the Student Instruction File (SIF).
- Office of Financial Aid reported they began excluding students with disbursed aid from the SFA file if they had a full-term withdrawal. However, some withdrawals occurred after the SIF file build, and some were fee-liable which were required to be reported in the SIF.



Risk(s)/Effect(s):

Student financial aid can be underreported, which could have a material impact on the calculation of Metric 3, Average Cost to the Student, and/or Metric 7, University Access Rate, resulting in FSU not receiving additional funding.

Recommendation(s):

The Office of Financial Aid and the Institutional Research should perform the following:

- Inquire of the BOG whether to include all students with financial aid disbursements or only students with financial aid disbursements who were also included in the Student Instruction Enrollment files. Once a response has been received from the BOG, the updated file should be resubmitted.
- Work with BOG to get formal guidelines regarding which students should be included and excluded from the Student Financial Aid file and update their file preparation procedures accordingly.

Management’s Corrective Action(s):

- Phase I: The Office of Financial Aid will seek clarity on whether all students with financial aid disbursements should be included on the SFA file. If it is determined that the previously omitted students should be included, the Office of Financial Aid will resubmit the file to include the 29 students.
- Phase II: The Office of Financial Aid in collaboration with FSU Institutional Research will work with the BOG to request formal guidelines to streamline reporting requirements.

Name(s) and Title of Employee(s) Responsible for Implementing Corrective Action:

Suzanne Vickers, Director of Financial Aid

Target Date(s) for Implementing Corrective Action(s):

- Phase I: March 30, 2023
- Phase II: March 30, 2024



Issue 2: Office of Financial Aid did not include \$714K of Emergency Federal Supplemental Educational Opportunity Grant (FSEOG) Aid in the 2021-2022 SFA file submitted to the BOG.

Rating: Moderate

Condition:

Metric 3, Average Cost to the Student

During our testing, we identified 1 of 40 (3%) students who received Emergency FSEOG Aid but were not included in the 2021-2022 SFA file. Upon further review, we noted that all disbursed Emergency FSEOG Aid was omitted from the SFA file due to a coding error. The total amount of underreported Emergency FSEOG Aid from the 2021-2022 SFA file submitted to the BOG was \$714K, which was disbursed to 1,487 students.

If the Emergency FSEOG Aid had been included in the SFA file, it would have improved FSU's performance with this metric.

Criteria:

BOG SFA file data elements: The SFA file has specific guidelines regarding what should be reported for each data element. Data element 01253, the Financial Aid Award Program Identifier, lists Federal SEOG Grants as having a code of "002", which makes it a reportable data element.

Cause(s):

Office of Financial Aid reported the Emergency FSEOG was initially thought to be in place for one year but was extended unexpectedly. Office of Financial Aid uses a crosswalk to convert University aid item types to BOG Financial Aid Award Program Identifier Codes. The code for pulling disbursed aid for this grant included Aid Year 2021 (Fall 2020, Spring 2021, Summer 2021) but did not roll forward to Aid Year 2022 (Fall 2021, Spring 2022, Summer 2022).

Risk(s)/Effect(s):

Student financial aid can be underreported, which could have a material impact on the calculation of Metric 3, Average Cost to the Student, resulting in FSU not receiving additional funding.

Recommendation(s):

- The 2021-2022 SFA file should be resubmitted with the omitted Emergency FSEOG Aid.
- SFA file preparation procedures should be updated to ensure all required financial aid item types are included in the SFA file. Once the SFA file is built, analytical procedures should be performed to ensure all required financial aid item types have been included.



Management's Corrective Action(s):

The Office of Financial Aid will resubmit the 2021-2022 SFA file which will include the previously omitted Emergency FSEOG disbursements. Further, our procedures will be updated to ensure all aid types are properly reported and a review of the file will be completed to validate the data each year once it has been compiled.

Name(s) and Title of Employee(s) Responsible for Implementing Corrective Action(s):

Suzanne Vickers, Director of Financial Aid

Target Date(s) for Implementing Corrective Action(s):

March 1, 2023



APPENDIX A - AUDIT RATINGS

Material:

- Violation of policies/procedures/laws and/or unacceptable level of internal controls that either does or could pose an unacceptable level of exposure to the organization.
- Issue or issues identified are likely and could have high impact on the organization
- Major opportunities to improve effectiveness and efficiency exist.
- Immediate corrective action by management is required.

Significant:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a notable level of exposure to the organization.
- Issue or issues identified are likely and could have a medium impact on the organization.
- Substantial opportunities to improve effectiveness and efficiency exist.
- Prompt corrective action by management is essential in order to address the noted concern(s) and reduce the risk to the organization.

Moderate:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a notable level of exposure to the organization.
- Issue(s) identified are (a) either not likely but could have a high impact or are (b) likely and could have a low impact on the organization.
- Notable opportunities to improve effectiveness and efficiency exist.
- Corrective action is needed by management in order to address the noted concern and reduce risks to a more desirable level.

Advisory:

- Categorized by area reviewed.
- Used to identify recommendations contained in a consulting engagement report.



APPENDIX B – PERFORMANCE-BASED FUNDING METRICS DATA SOURCES

Metric	Description	Data Source Submitted to BOG
1	Percent of Bachelor’s Graduates Enrolled or Employed One Year After Graduation	BOG Submission File – Degrees Awarded (SIFD)
2	Median Wages of Bachelor’s Graduates Employed Full-Time One Year After Graduation	BOG Submission File – SIFD
3	Average Cost to Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)	BOG Submission Files – SIF, SFA, Hours to Degree File (HTD)
4	Four-Year Graduation Rate (Full-time, FTIC Students)	BOG Submission Files – SIF, SIFD, Retention File
5	Academic Progress Rate (Second Fall Retention Rate with at Least 2.0 GPA for Full-Time, FTIC Students)	BOG Submission Files – Fall SIF – two consecutive terms
6	Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD
7	University Access Rate	BOG Submission Files – SIF, SFA
8	Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD
9a	Three-Year Graduation Rate – FCS AA Transfer Students	BOG Submission Files – SIF, SIFD, Retention File
9b	Six-Year Graduation Rate – FTIC Pell Recipient Students	BOG Submission File – SIF, SIFD, SFA, Retention File
10	Number of Bachelor’s Graduates who took an Entrepreneurship Class	Provided to the BOG by Institutional Research

Preeminent Research University Funding Metrics Data Integrity Audit

**Office of Inspector General Services
Report #23-12**

January 31, 2023

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

Background

In 2013, the Florida Board of Governors (BOG) voted to designate Florida State University (FSU) as a Preeminent State University. Florida Statute 1001.7065, Preeminent State Research Universities Program, details the 12 academic and research excellence standards established for the program. Universities are eligible for emerging preeminence if they meet 6 of 12 metrics and are eligible for preeminence if they meet 11 of 12 metrics. The University's performance results related to the Preeminent Research University Funding Metrics are reported annually in the Accountability Plan. FSU met all 12 benchmarks in the 2022 Accountability Plan, which is the most recently available report.

The 12 Preeminent Research University Funding Metrics consist of the following:

- Metric A: Average Grade Point Average (GPA) and SAT Score
- Metric B: Public University National Rankings
- Metric C: Freshman Retention Rate
- Metric D: Four-Year Graduation Rate
- Metric E: National Academy Memberships
- Metric F: Science and Engineering Research Expenditures (\$M)
- Metric G: Non-Medical Science and Engineering Research Expenditures (\$M)
- Metric H: Number of Broad Disciplines Ranked in Top 100 for Research Expenditures
- Metric I: Utility Patents Awarded
- Metric J: Doctoral Degrees Awarded Annually
- Metric K: Number of Post-Doctoral Appointees
- Metric L: Endowment Size (\$M)

Florida Statute 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statute 1001.7065 and requires each University to conduct an annual audit to verify that the data submitted pursuant to Florida Statute 1001.7065 complies with the data definitions established by the BOG. The BOG last updated the Preeminent Metrics Methodology Document in October 2020. The data supporting the Preeminent Research University Funding Metrics comes from a variety of sources, including:

- Data submitted to the BOG
- Data reported to external entities

See Appendix A for the complete list of sources for each metric.

Objectives and Scope

The specific objectives of this audit were to:

1. Determine the current status of processes used by the Data Administrator to ensure the completeness, accuracy, and timely submission of data to the BOG.
2. Verify data accuracy through detailed testing of key files and data elements.
3. Determine the current status concerning the University Data Administrator's data resubmissions to the BOG.
4. Provide an objective basis of support for the President and Board of Trustee's Chairman to sign the representations made in the Performance-Based Funding Metrics/Preeminent Research University Funding Metrics Data Integrity Certification.

The scope of this audit covered data submissions from January 2021 through November 2022.

Based on previous audit results and our assessment of metrics with the highest risks, we selected the following metrics for testing:

- Metric A: Average GPA and SAT Score
- Metric C: Freshman Retention Rate
- Metric D: Four-Year Graduation Rate
- Metric F: Science and Engineering Research Expenditures (\$M)
- Metric G: Non-Medical Science and Engineering Research Expenditures (\$M)
- Metric K: Number of Post-Doctoral Appointees

Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant, and useful evidence. It is our opinion that the evidence obtained during our review provides a basis for the findings and conclusion noted in this report.

Overall Conclusion

Overall, it appears that the University has established adequate controls and processes to:

1. Ensure the completeness, accuracy, and timeliness of data submissions to the BOG and external entities which support the University's Preeminent Research University Metrics.
2. Affirm the representations in the Data Integrity Certification form.

APPENDIX A – PREEMINENT RESEARCH UNIVERSITY FUNDING METRICS DATA SOURCES

Metric	Description	Data Source
A	Average GPA and SAT Score for Incoming Freshman in Fall Semester	BOG Submission File – Fall Admissions File
B	Number of Top 50 Public University National Rankings	External Websites - BOG maintains the official list of publications.
C	Freshman Retention Rate (Full-time, First Time in College (FTIC))	BOG Submission Files – Fall Student Instruction File (SIF) for two consecutive years.
D	Four-Year Graduation Rate (Full-time, FTIC)	BOG Submission Files – Retention File, SIF, and Degrees Awarded File (SIFD)
E	Number of National Academy Memberships	Official Membership Directories on External Websites – BOG maintains a list of acceptable organizations.
F	Total Annual Science and Engineering Research Expenditures	National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey
G	Total Annual Non-Medical Science and Engineering Research Expenditures	NSF HERD Survey
H	Number of Broad Disciplines Ranked in Top 100 for Research Expenditures	Research expenditure data using the NSF’s National Center for Science and Engineering Statistics online data tool
I	Number of Utility Patents Awarded over Three Calendar-Year Period	As reported by the United States Patent and Trademark Office for the most recent three years.
J	Number of Doctoral Degrees Awarded Annually	BOG Submission File - SIFD
K	Number of Post-Doctoral Appointees	NSF Survey of Graduate Students and Post-Doctorates in Science and Engineering Survey
L	Endowment Size	National Association of College and University Business Officers (NACUBO) and Commonfund Institute’s annual online report of Market Value of Endowment Assets



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 State 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: The 2 exceptions noted during the Performance Based Funding Metrics audit would have improved FSU's performance for these metrics.

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: 
University President

Date: 2/24/2023

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: 
University Board of Trustees Chair

Date: 2/24/2023