

PERFORMANCE-BASED FUNDING DATA INTEGRITY

AUDIT OF INTERNAL CONTROLS AND COMPLIANCE

AS OF SEPTEMBER 30, 2022

AUDIT 369

DECEMBER 7, 2022

This work product was prepared in accordance with the International Standards for the Professional Practice of Internal Auditing, as published by the Institute of Internal Auditors, Inc.



UNIVERSITY OF CENTRAL FLORIDA

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MEMORANDUM

TO: Alexander Cartwright
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: December 7, 2022

SUBJECT: Audit of Performance-based Funding Data Integrity

The enclosed report represents the results of our Performance-based Funding Data Integrity audit.

We appreciate the cooperation and assistance of the staff in Institutional Knowledge Management, the Office of Research, the College of Graduate Studies, and the UCF Foundation.

cc: M. Paige Borden
Jana Jasinski
Michael Johnson
Mike Kilbride
Winston Schoenfeld
Linda Sullivan
Board of Trustees
State University System of Florida Inspector General

Executive Summary

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the completeness, accuracy, and timeliness of data submitted to the Florida Board of Governors (BOG) in support of performance-based funding metrics, as well as emerging preeminence metrics.

It should be noted that the SIFD Degree Awarded file submittals for Fall 2020, Spring 2021, and Fall 2021 were delayed due to several Registrar's Office employees resigning, which impacted the degree certification process. The BOG was informed of these delays, which had no impact on performance funding calculations. As required, this observation will be noted on UCF's certification form.

We believe that our audit can be relied upon by the university president and the UCF Board of Trustees as a basis for certifying the representations made to the BOG related to the integrity of data required for the BOG performance-based funding (PBF) model and emerging-preeminence status.

Background and Performance Objectives

Beginning in 2013-14, the BOG implemented a PBF model which utilizes a set of performance metrics to evaluate universities on a range of issues, including graduation rates, job placement, cost per degree, and retention rates.

The model has four guiding principles:

1. use metrics that align with SUS Strategic Plan goals,
2. reward Excellence or Improvement,
3. have a few clear, simple metrics, and
4. acknowledge the unique mission of the different institutions.

For the 2022-23 funding year, each university was evaluated on nine common metrics, with the two exceptions being New College of Florida (New College) and Florida Polytechnic University (Florida Poly).

Florida Senate Bill 72 (<https://www.flsenate.gov/Committees/BillSummaries/2020/html/2188>) added two new metrics, which replaced the ninth metric chosen by the BOG that focused on specific areas of improvement and the distinct mission of each university. Each university BOT selects one metric of its own.

Due to the new Florida State University System 2025 Strategic Plan (https://www.flbog.edu/wp-content/uploads/2022/11/2025_System_Strategic_Plan_Amended_Nov_2022.pdf), two metrics

were adjusted to match the new goals. For Metric 1, percent of bachelor's graduates continuing their education or employed (with a salary greater than \$30,000) within the U.S. one year after graduation was changed from having a salary greater than \$25,000. Metric 4, Four-Year Graduation Rate, adjusted the points earned based on the Excellence Points to reflect a 65% graduate rate earning 10 points versus the old scale where 50% graduate rate earned 10 points.

The common metrics are:

1. percent of bachelor's graduates continuing their education or employed (with a salary greater than \$30,000) within the U.S. one year after graduation
2. median wages of bachelor's graduates employed full-time one year after graduation
3. average cost to the student (net tuition per 120 credit hours) for a bachelor's degree
4. four-year graduation rate (includes full-time, first time in college students)
5. academic progress rate (second year retention with a GPA greater than 2.0)
6. bachelor's degrees awarded within programs of strategic emphasis
7. university access rate (percent of fall undergraduates with a Pell Grant)
8. graduate degrees awarded within programs of strategic emphasis (not applicable to New College and Florida Poly)
- 9A. two-year graduation rate for Florida College System (FCS) associate in arts transfer students
- 9B. six-year graduation rate for student who are awarded a Pell Grant in their first year

Metric selected by UCF Board of Trustees:

10. percent of bachelor's degrees awarded to African American and Hispanic Students

This year, the BOG revised the Performance-based Funding Data Integrity Certification form to reduce the number of representations by removing those that are no longer needed and merging two other representations that were closely related. The certification provides assurances that the data submitted by universities is reliable, accurate, and complete. This certification form is to be signed by the university president, affirmatively certifying each of the nine stated representations or providing an explanation as to why the representation cannot be made as written. The certification form is also to be approved by the university Board of Trustees (BOT) and signed by the BOT chair.

To make such certifications meaningful, during the 2019 Legislative Session, lawmakers approved Senate Bill 190 that contains language amending section 1001.706, Florida Statutes. It states:

“Each university shall conduct an annual audit to verify that the data submitted pursuant to ss. 1001.7065^[1] and 1001.92^[2] complies with the data definitions established by the

¹ S. 1001.7065, Florida Statute, Preeminent State Research University Program

² S. 1001.92, Florida Statute, State University System Performance-based Incentive

board and submit the audits to the Board of Governors Office of Inspector General as part of the annual certification process required by the Board of Governors.”

Audit Objectives and Scope

The primary objective of this audit is to determine the adequacy of university controls in place to promote the completeness, accuracy, and timeliness of data submissions to the BOG, particularly as they relate to PBF metrics and preeminence metrics. This audit also provides an objective basis of support for the president and BOT chair to certify the required representations on the data integrity certification form.

Performance-based Funding Metrics

Our approach is to audit supporting data files related to a minimum of four of the PBF measures each year so that all PBF measures are tested at least twice within a five-year cycle.

This year’s testing included data files submitted as of September 30, 2022, related to the following four metrics:

- Metric 1: percentage of Bachelor’s Graduates employed full-time in Florida or continuing their education in the U.S. one year after graduation
- Metric 4: Four Year Graduation Rate (Full-time First Time in College (FTIC))
- Metric 8: Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM)
- Metric 10: Percent of Bachelor’s Degrees Awarded to African American and Hispanic Students

The 2015-16 audit included a comprehensive review of the controls and processes established by the university to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which supported the PBF metrics. As part of our annual audit process, we review any changes to these controls and processes on an annual basis with Institutional Knowledge Management (IKM) and determine if these changes will have any impact on our audit approach.

In addition, we verified the completeness and accuracy of the Student Instruction File (SIF) and Degrees Awarded (SIFD) files submitted to the BOG in support of the measures listed above. By developing queries in PeopleSoft Campus Solutions independently and then comparing those results to the files submitted to BOG, we were able to test 100 percent of the students submitted for these files.

Preeminence Metrics

As an Emerging Preeminence university, we began auditing the Preeminent Metrics in 2019. The Preeminent Metrics selected for this year's audit include:

Metric	Title and period reviewed	Excellence Standards^[3]	UCF's Result
D	Four Year Graduation Rate (2017-21)	60%	50% (not achieved)
E	National Academy Memberships (2022)	6	8 (achieved)
F	Science and engineering research expenditures (2020-21)	\$200M	\$182M (not achieved)
G	Non-medical science and engineering research expenditures (2020-21)	\$150M	\$167M (achieved)
I	Doctoral degrees awarded annually (2020-21)	400	480 (achieved)

- Preeminent Metrics D is the same as the PBF metric #4.
- For Preeminent Metric E, a faculty member who has been inducted into the National Academy of Sciences, National Academy of Engineering, or the National Academy of Medicine is considered a National Academy member.
- Preeminent Metrics F and G are derived from information included in the National Science Foundation (NSF)'s Higher Education Research and Development (HERD) Survey. This survey data is collected and submitted by the Office of Research. Data for all the other metrics is reported to the Board of Governors by IKM. The information submitted to NSF for the HERD Survey is a compilation of PeopleSoft Financials project expenditures, UCF Foundation (UCFF) expenditures, forgone overhead, tuition remission, and faculty salaries for internally funded research conducted by faculty (paid with university funds) as allocated in the Faculty Activities System.
- As of 2016, the Legislature amended the criteria for Preeminent Metrics I to include professional doctoral degrees awarded in medical and health care disciplines.

³ S. 1001.7065, Florida Statute, Preeminent State Research University Program

Audit Timeline

Beginning of audit: June 20, 2022

End of fieldwork: November 8, 2022

Audit Team Members

Vicky Sharp, Auditor III, Auditor In-Charge

Vallery Morton, Audit Manager, Level I Reviewer

Robert Taft, Chief Audit Executive, Level II Reviewer



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: *University of Central Florida*

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

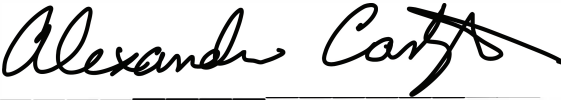
4. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors. The due diligence includes performing tests on the file using applications, processes, and 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 SIFD Degree Awarded file submittals for Fall 2020, Spring 2021, and Fall 2021 were delayed due to several Registrar's Office employees resigning, which impacted the degree certification process. The BOG was informed of these delays, which had no impact on performance funding calculations.*

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: 2.27.23

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: 
University Board of Trustees Chair

Date: 2.24.23