

Performance-Based Funding Metrics Data Integrity Audit



FLORIDA STATE UNIVERSITY

**Office of Audit and Advisory Services
Report #24-02**

January 5, 2024

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

A. Background

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

The 10 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 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 (Full-Time)
- Metric 9b: Six-Year Graduation Rate - FTIC Pell Recipient Students
- Metric 10: Number of Bachelor's Graduates who passed an Entrepreneurship Class

Florida Statutes 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statutes 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 Statutes 1001.92 complies with the data definitions established by the BOG. The BOG has provided methodology documents for all PBF Metrics common to the institutions. The calculations of the PBF Metrics are based on data submitted through the State University Database System. See **Appendix A** for the complete list of data files used for the calculation of each PBF Metric.

B. Objectives and Scope

The specific objectives of this audit were to:

1. Determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the PBF Metrics.
2. Provide an objective basis of support for the President and BOT Chair to sign the representations made in the PBF Metrics/Preeminent Research University Funding Metrics Data Integrity Certification Letter.



The scope of this audit covered data submissions to the BOG from January 2022 through November 2023.

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

- Metric 1: Percent of Bachelor's Graduates Enrolled or Employed One Year After Graduation
- Metric 2: Median Wages of Bachelor's Graduates Employed One Year After Graduation
- Metric 3: Average Cost to the Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)
- Metric 7: University Access Rate (Percent of Undergraduates with a Pell Grant)
- Metric 10: Number of Bachelor's Graduates who passed an Entrepreneurship Class

C. 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.

D. Overall Conclusion

Overall, it appears that FSU 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 Letter.



APPENDIX A – 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 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 passed an Entrepreneurship Class	Provided to the BOG by Institutional Research



APPENDIX B – 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.
- Issues could have a 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.
- Issues 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(s) 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.
- Issues identified are either (a) not likely but could have a medium impact on the organization or (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.



Preeminent Research University Funding Metrics Data Integrity Audit



FLORIDA STATE UNIVERSITY

**Office of Audit and Advisory Services
Report #24-03**

January 5, 2024

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

A. Background

In 2013, the Florida Board of Governors (BOG) voted to designate Florida State University (FSU) as a Preeminent State University. Florida Statutes 1001.7065, Preeminent State Research Universities Program, details the 12 academic and research excellence standards established for the program. The University's performance results related to the Preeminent Research University Funding (PRF) Metrics are reported annually in the Accountability Plan. Universities are eligible for emerging preeminence if they meet 6 of 12 PRF Metrics, and for preeminence if they meet 11 of 12 Metrics. FSU met all 12 benchmarks in the 2023 Accountability Plan, which is the most recently available report.

The 12 PRF 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 Statutes 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statutes 1001.7065 and requires each University to conduct an annual audit to verify that the data submitted pursuant to Florida Statutes 1001.7065 complies with the data definitions established by the BOG. The BOG last updated the PRF Metrics Methodology Document in October 2020. The data supporting the PRF 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 PRF Metric.

B. Objectives and Scope

The specific objectives of this audit were to:

1. Determine whether the processes established by the University ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the PRF Metrics.



2. Provide an objective basis of support for the President and BOT Chair to sign the representations made in the Performance-Based Funding Metrics/Preeminent Research University Funding Metrics Data Integrity Certification Letter.

The scope of this audit covered data submissions from January 2022 through November 2023.

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

- Metric D: Four-Year Graduation Rate
- Metric H: Number of Broad Disciplines Ranked in Top 100 for Research Expenditures
- Metric J: Doctoral Degrees Awarded Annually
- Metric L: Endowment Size (\$M)

C. 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.

D. Overall Conclusion

Overall, it appears that FSU 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 PRF Metrics.
2. Affirm the representations in the Data Integrity Certification Letter.



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



APPENDIX B – 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.
- Issues could have a 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.
- Issues 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(s) 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.
- Issues identified are either (a) not likely but could have a medium impact on the organization or (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.





Data Integrity Certification

March 2024

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, 2024**.

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 2024

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 exceptions noted.

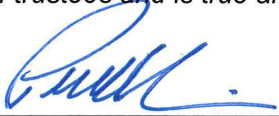
Data Integrity Certification, March 2024

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:  Date: 2/12/24
University President

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:  Date: 2/12/24
University Board of Trustees Chair