

# UNIVERSITY AUDIT

AUDIT 354

JANUARY 17, 2020

## PERFORMANCE-BASED FUNDING DATA INTEGRITY

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AUDIT OF INTERNAL CONTROLS AND COMPLIANCE  
AS OF SEPTEMBER 30, 2019



UNIVERSITY OF CENTRAL FLORIDA

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# University Audit

UNIVERSITY OF CENTRAL FLORIDA

## ***MEMORANDUM***

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TO: Thad Seymour  
Interim President

FROM: Robert J. Taft  
Chief Audit Executive

DATE: January 17, 2020

SUBJECT: Audit of Performance-based Funding Data Integrity

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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 and UCF IT.

cc: M. Paige Bordon  
Linda Sullivan  
Elizabeth Dooley  
Jana Jasinski  
Board of Trustees  
State University System of Florida Inspector General

## Background and Performance Objectives

Beginning in 2013-14, the Florida Board of Governors (BOG) implemented a performance-based funding (PBF) model which utilizes 10 performance metrics to evaluate universities on a range of issues, including graduation rates, job placement, cost per degree, and retention rates. According to information published by the BOG in May 2014, the following are key components of the funding model.

- For each metric, institutions are evaluated on either Excellence (a raw score) or Improvement (the percentage change from the prior year).
- Performance is based on data from one academic year.
- The benchmarks for Excellence are based on the BOG 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement are determined by the BOG after reviewing data trends for each metric.
- The Florida Legislature and Governor determine the amount of new state funding and a proportional amount of institutional funding that would come from each university's recurring state base appropriation.

For 2019-20 funding, each university was evaluated on seven metrics common to all universities, except Florida Polytechnic University, which is not yet eligible to participate in the funding process. The eighth metric applied to all institutions except New College, which had an alternate metric more appropriate to its mission. The ninth metric was chosen by the BOG, focusing on areas of improvement and the distinct missions of each university. The tenth metric was chosen by each university's Board of Trustees (BOT) from the remaining metrics in the University Work Plan.

UCF's metrics were:

1. percent of bachelor's graduates continuing their education or employed (with a salary greater than \$25,000) 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
9. percent of bachelor's degrees without excess hours
10. number of bachelor's degrees awarded annually

The BOG developed a Performance-based Funding Data Integrity Certification form to provide assurances that the data provided by universities is reliable, accurate, and complete. In a letter dated June 18, 2019, to University Board of Trustee Chairs, Ned Lautenback, Board of Governor's Chair, asked that the data integrity audits include preeminence and emerging preeminence metrics. Accordingly, we incorporated the preeminence metrics into our audit plan.

This certification form is to be signed by the university president, affirmatively certifying each of the 13 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 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. The new language states:

“Each university shall conduct an annual audit to verify that the data submitted pursuant to ss. 1001.706<sup>[1]</sup> and 1001.92<sup>[2]</sup> complies with the data definitions established by the 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 was 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 will also provide an objective basis of support for the president and BOT chair to certify the required representations on the data integrity certification form.

Our approach is to audit files related to a minimum of four of the 10 measures each year so that all measures are tested at least twice within a five-year cycle but this year we tested five since we repeated testing of the percent of bachelor's degrees without excess hours. This year's testing including data files submitted as of September 30, 2019, related to:

- Metric 1: percent of graduates employed full-time in Florida or continuing their education in the U.S. on year after graduation
- Metric 5: academic progress rate (second year retention rate with GPA above 2.0)
- Metric 8: graduate degrees awarded within programs of strategic emphasis
- Metric 9: percent of bachelor's degrees without excess hours
- Metric 10: number of bachelor's degrees awarded annually for 2017-18

The achieved Preeminent Metrics selected for testing include:

- Metric E: National Academy memberships
- Metric H: National ranking in STEM research expenditures
- Metric I: Patents awarded (over 3-year period)
- Metric J: Doctoral degrees awarded annually

No testing was performed for Preeminent Metrics that were not achieved.

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<sup>1</sup> S. 1001.7065, Florida Statute, Preeminent State Research University Program

<sup>2</sup> S. 1001.92, Florida Statute, State University System Performance-based Incentive

We performed 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 during our audit in 2015-16 and continued to review any changes to these controls and processes on an annual basis.

In addition, we verified the completeness and accuracy of the Hours to Degree (HTD), Courses to Degree (CTD), Student Instruction File (SIF), and Student Financial Aid (SFA) files submitted to the BOG in support of the measures listed above. By independently developing our own queries in PeopleSoft and comparing those results to the files submitted to BOG, we were able to test 100 percent of the students submitted for each file, with the exception of HTD. Because of methodology and source system complexities, a query could not be developed; therefore, we tested a sample of students to ensure accuracy.

### Overview of Results

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the completeness and accuracy of data submitted to the BOG in support of performance-based funding. However, we found a minor error that resulted in inaccurate information being submitted to the BOG for a student. Specifically, for metric 9 (percent of bachelor's degrees without excess hours), we identified one student who should not have had excess hours because too many of his transfer credits were marked toward the degree in error. This error was **immaterial** (less than one percent of courses tested) and had **no impact** on UCF's overall ranking among SUS institutions.

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 model.

### Audit Performance Metrics

Beginning of audit: July 3, 2019

End of fieldwork: December 18, 2019

### Audit Team Members:

Vicky Sharp, senior auditor, auditor in charge

Vallery Morton, audit manager, level I reviewer

Robert Taft, chief audit executive, level II reviewer



STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

Attachment A  
**Data Integrity Certification**  
March 2020

**University Name:** University of Central Florida

**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 **significant or material** audit findings.

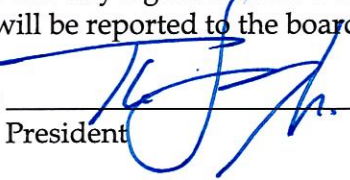
Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance Based Funding decision-making and Preeminence or Emerging Preeminence Status.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3. 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

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, and data definitions provided by the Board Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The 2017 HTD file was delayed due to continuing programming logic challenges with the new degree audit system. We kept the BOG informed of our delays and the submission delay did not have any adverse impact on any of the data processing for the Accountability Plan.
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 <b>Submit for Approval</b> represents electronic certification of this data per Board of Governors Regulation 3.007."	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
11. 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

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.			
<b>Data Integrity Certification Representations</b>			
<b>Representations</b>	<b>Yes</b>	<b>No</b>	<b>Comment / Reference</b>
12. 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

<b>Data Integrity Certification Representations, Signatures</b>
<p>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.</p> <p>           Certification: <u></u> Date <u>2/26/2020</u>                                President         </p>

## Data Integrity Certification

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: Beverly Seay Date 2/26/2020  
Board of Trustees Chair