

UNIVERSITY AUDIT

AUDIT 338

NOVEMBER 14, 2016

PERFORMANCE BASED FUNDING DATA INTEGRITY

AUDIT OF INTERNAL CONTROLS AND COMPLIANCE
AS OF SEPTEMBER 30, 2016



UNIVERSITY OF CENTRAL FLORIDA

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.



MEMORANDUM

TO: John C. Hitt
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: November 14, 2016

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 Institutional Knowledge Management staff.

cc: Dale Whittaker
M. Paige Borden
Linda Sullivan
Joel Hartman
Board of Trustees Audit, Operations Review, Compliance, and Ethics Committee
Rick Schell

Background and Performance Objectives

Beginning in 2013-14, the Florida Board of Governors (BOG) implemented a performance based funding model which utilizes 10 performance metrics to evaluate the institutions 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 2016-17 funding, each university was evaluated on seven metrics common to all universities. 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 from the remaining metrics in the University Work Plan. UCF's metrics were:

1. percent of bachelor's graduates employed full-time (with a salary greater than \$25,000) or continuing their education within the U.S. one year after graduation
2. median wages of bachelor's graduates employed full-time in Florida one year after graduation
3. average cost per bachelor's degree (instructional costs to UCF, not tuition costs to students)
4. six-year graduate rate (full-time and part-time, first time in college students)
5. academic progress rate (second year retention with a GPA greater than 2.0)
6. university access rate (percent of fall undergraduates with a Pell-grant)
7. bachelor's degrees awarded within programs of strategic emphasis
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

Audit Objectives and Scope

At the request of the Florida Board of Governors, we have conducted an audit of the university's processes to ensure the completeness, accuracy, and timeliness of data submissions to the BOG and testing of underlying data that support performance funding metrics. Data submitted to the BOG and the methods and controls applied by university management necessary to ensure the integrity of the process were subject to several key audit procedures.

Specifically, the objectives of the audit were to review and test:

- the appointment of the data administrator by the university president and the duties listed in the data administrator's official position description
- the processes used by the data administrator to ensure the completeness, accuracy, and timely submission of data to the BOG
- documentation, including policies, procedures, and desk manuals, to assess whether they are adequate to ensure integrity of the university's data submissions to the BOG
- system access controls and user privileges to determine whether they are properly assigned and periodically reviewed to ensure data changes are made by authorized personnel
- data accuracy through independently recreating and verifying the completeness and accuracy of selected file submissions
- the veracity of the university data administrator's data submission statements that indicate, "Ready to submit: Pressing **Submit for Approval** represents electronic certification of this data per Board of Governors Regulation 3.007"
- the consistency of data submissions with the data definitions and guidance provided by the BOG through the data committee and communication at data workshops
- the university data administrator's data resubmissions to the BOG with a view toward ensuring these resubmissions are necessary, authorized, and appropriately limited

Our approach is to audit files related to four of the ten measures each year so that all measures are tested twice within a five year cycle. This year's testing including data files related to:

- percentage of bachelor's graduates enrolled or employed within the U.S. one year after graduation
- median wage of bachelor's graduates employed full-time in Florida one-year after graduation
- cost of bachelor's degrees
- bachelor's degrees awarded annually

Overview of Results

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the accuracy and completeness of data submitted to the BOG in support of performance based funding.

Further, we believe that our audit can be relied upon by the UCF Board of Trustees and president 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.



Performance Based Funding

March 2017 Data Integrity Certification

Name of University: 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 audit findings.

Performance Based Funding 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.	<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), 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"/>	

Performance Based Funding Data Integrity Certification

Performance Based Funding 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 provided by the Board of Governors Information Resource Management (IRM) 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"/>	
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 Submit for Approval 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 the Board's Performance Based Funding initiative will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting this initiative 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 performance metrics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Performance Based Funding Data Integrity Certification

I certify that all information provided as part of the Board of Governors Performance Based Funding Data Integrity Certification 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 January 13, 2017
President

I certify that this Board of Governors Performance Based Funding Data Integrity Certification has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification:  Date January 13, 2017
Board of Trustees Chair