

Performance-Based Funding Metrics Data Integrity Audit



OFFICE OF AUDIT & ADVISORY SERVICES

**Office of Audit and Advisory Services
Report #AR25-03**

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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 Universities within the State University System (SUS) of Florida 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 Universities.

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
- 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 FSU 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 2023 through July 2024. OAAS performed detailed testing on all data submissions to the BOG used for these Metrics.

C. Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that audit departments 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 FSU'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	Applicable University
1	Percent of Bachelor's Graduates Enrolled or Employed One Year After Graduation	BOG Submission File – Degrees Awarded File (SIFD)	All SUS Universities
2	Median Wages of Bachelor's Graduates Employed One Year After Graduation	BOG Submission File – SIFD	All SUS Universities
3	Average Cost to Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)	BOG Submission Files – Student Instruction File (SIF), Student Financial Aid File (SFA), Hours to Degree File (HTD)	All SUS Universities
4	Four-Year Graduation Rate (Full-time, FTIC Students)	BOG Submission Files – SIF, SIFD, Retention File	All SUS Universities
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	All SUS Universities
6	Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD	All SUS Universities
7	University Access Rate	BOG Submission Files – SIF, SFA	All SUS Universities
8	Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD	All SUS Universities
9a	Three-Year Graduation Rate – FCS AA Transfer Students	BOG Submission Files – SIF, SIFD, Retention File	All SUS Universities
9b	Six-Year Graduation Rate – FTIC Pell Recipient Students	BOG Submission File – SIF, SIFD, SFA, Retention File	All SUS Universities

Metric	Description	Data Source Submitted to BOG	Applicable University
10	Number of Bachelor's Graduates who passed an Entrepreneurship Class	Provided to the BOG by Institutional Research	FSU

Note: The PBF Model includes 10 Metrics that evaluate Universities within the SUS of Florida on a range of issues. The first 9 Metrics are the same for each University. The 10th Metric is University-specific, chosen by each University's Board of Trustees.

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 University.
- Issue(s) could have a high impact on the University.
- 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 substantial level of exposure to the University.
- Issue(s) could have a medium impact on the University.
- 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 University.

Moderate:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a moderate level of exposure to the University.
- Issue(s) identified are either (a) not likely but could have a medium impact on the University or (b) likely and could have a low impact on the University.
- 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.

Minor:

- Insignificant or immaterial reportable issue(s) or opportunities for improvement were identified during the audit.