

Performance-based Funding Data Integrity

Audit of Internal Controls and Compliance as of September 30, 2024



UNIVERSITY OF CENTRAL FLORIDA

University Audit
Audit #374
December 3, 2024

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

University Audit

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MEMORANDUM

TO: Alexander Cartwright
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: December 3, 2024

SUBJECT: Audit of Performance-based Funding Data Integrity

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

We appreciate the cooperation and assistance provided to our office by personnel at Analytics and Integrated Planning, Student Financial Aid, Office of Research, and Registrar's Office during the audit.

cc: Danae Barulich
Rhonda Bishop
M. Paige Borden
Michael Johnson
Mike Kilbride
Amanda Miller
Winston Schoenfeld
Board of Trustees
State University System of Florida Inspector General
UCF Board Office

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. All files used in our testing were submitted to the BOG timely.

We believe that our audit can be relied upon by the university president and the UCF Board of Trustees (BOT) 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.

No reportable issues were identified.

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.

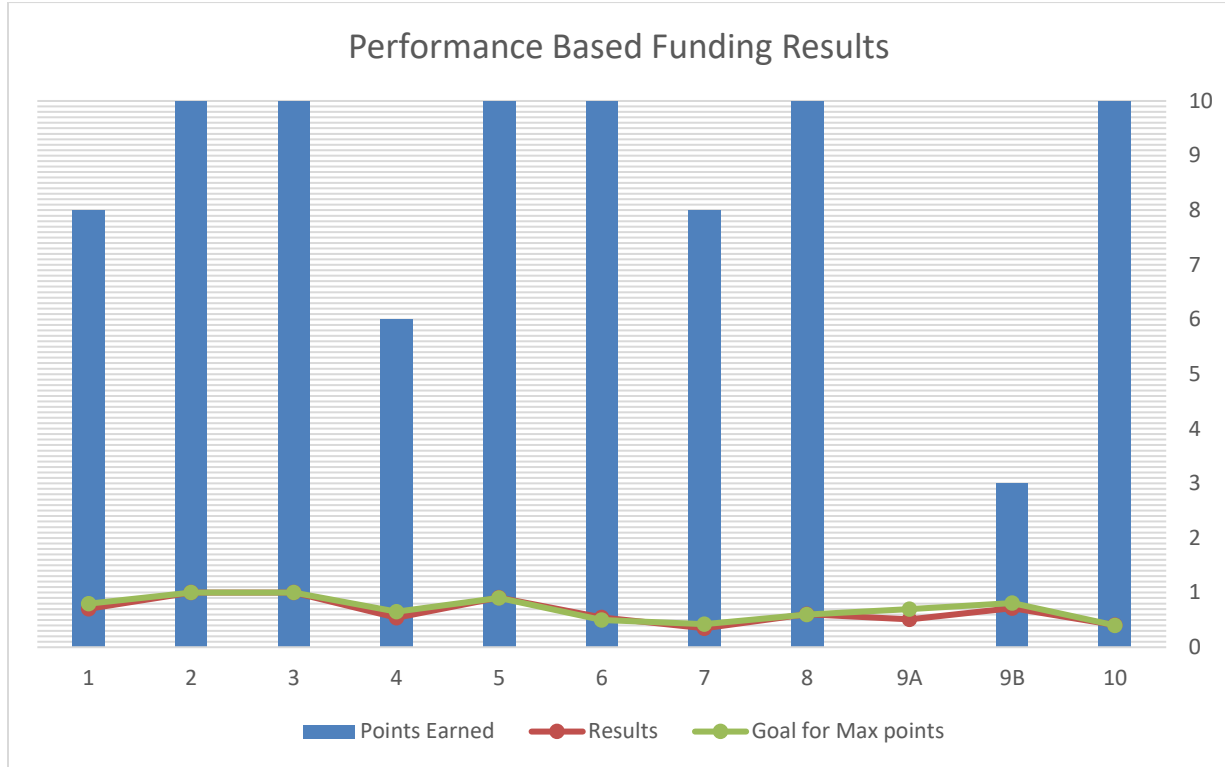
For the 2023-24 funding year, each university was evaluated on nine common metrics, with the two exceptions being New College of Florida (New College) and Florida Polytechnic University (Florida Poly).

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.

In November 2022, the BOG approved two metric changes to this year's Performance-Based Funding Model. For Metric 1, Percent of bachelor's Graduates Employed or Enrolled 1 Year after Graduation, changed the wage threshold from \$30,000 to \$40,000. Also, Metric 9a, Two-Year Graduation Rate for Florida College System (FCS) Associate in Arts (AA) Transfers, changed to Three-Year Graduation Rate for FCS AA Transfers.

UCF 2024-25 PBF Results

For 2024-25, UCF ranked 5th amongst the state’s universities with 85 points, behind Florida International University with 96 points, University of Florida with 92 points, Florida State University and University of South Florida, both with 89 points.



Metric	1	2	3	4	5	6	7	8	9A	9B	10
Points Earned	8	10	10	6	10	10	8	10	0	3	10
Results	70.3%	\$50,500	\$3,230	54.2%	91.1%	54.6%	34.7%	60.3%	50.9%	71.7%	40.6%
Goal	80.0%	\$43,200	\$9,000	65.0%	90.0%	50.0%	42.0%	60.0%	70.0%	80.8%	40.0%

PBF metrics are:

1. percent of bachelor’s graduates employed (earning \$40,000+) and/or continuing their education (one year after graduation)
2. median wages of bachelor’s graduates employed full-time one year after graduation
3. cost to the student (net tuition & fees 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)
- 9A. three-year graduation rate for Florida College System (FCS) associate in arts transfer students
- 9B. six-year graduation rate for students who are awarded a Pell Grant in their first year (not applicable to Florida Poly)
10. percent of bachelor’s degrees awarded to African American and Hispanic Students

Certification

The BOG’s Performance-based Funding Data Integrity Certification form 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 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 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, 2024, related to the following four metrics:

- Metric 1: percent of bachelor’s graduates employed (earning \$40,000+) and/or continuing their education (one year after graduation)
- Metric 4: four-year graduation rate (includes full-time, first time in college students)
- Metric 8: graduate degrees awarded within programs of strategic emphasis
- Metric 9A: three-year graduation rate for Florida College System (FCS) associate in arts transfer students
- Metric 9B: six-year graduation rate for students who are awarded a Pell Grant in their first year

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

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

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 with Analytics and Integrated Planning (AIP) 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), Degrees Awarded (SIFD), and Student Financial Aid (SFA) 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 student data submitted for these files

Preeminence Metrics

As an Emerging Preeminence university, we began auditing the Preeminent Metrics in 2019. The Florida Statute 1001.7065 Preeminent state research universities program was amended in 2023 to add (m) Total annual STEM-related research expenditure, including federal research expenditures, of \$50 million or more. 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 (includes full-time, first time in college students) (2019-23)	60%	54% (not achieved)
E	National Academy memberships (2024)	6	8 (achieved)
F	Total research expenditure (2022-23)	\$200M	\$247M (achieved)
G	Non-medical science and engineering research expenditures (2022-23)	\$150M	\$201M (achieved)
H	Top 100 national ranking in 8 broad STEM research expenditures (includes public & private schools) (2021-22)	5 of 8	6 of 8 (achieved)
M	Science and engineering research expenditures (2022-23)	\$50M	\$218M (achieved)

Audit Timeline

Beginning of audit: August 12, 2024
 End of fieldwork: November 8, 2024

Audit Team Members

Vicky Sharp, Auditor III, Auditor In-Charge
 Vallery Morton, Associate Director, Level I Reviewer
 Robert Taft, Chief Audit Executive, Level II Reviewer

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