



Item: AC: A-2

Audit and Compliance Committee

Tuesday, February 20, 2018

**SUBJECT: REVIEW OF AUDITS: FAU 17/18-2, PERFORMANCE BASED FUNDING
DATA INTEGRITY AS OF OCTOBER 31, 2017.**

PROPOSED COMMITTEE ACTION

Acceptance of the audit as a basis of support for certification representations requested of the president and BOT chair by the Florida Board of Governors and fulfillment of the BOG's request for an audit of the completeness, accuracy and timeliness of data submissions.

BACKGROUND INFORMATION

The integrity of data provided to the Board of Governors is critical to the performance based funding decision-making process. The BOG has requested that an audit be conducted to evaluate the controls and processes established by state universities as part of its Strategic Plan and governance responsibilities. In addition, the BOG has requested that a data integrity certification form be signed by the president and BOT chair and submitted by March 1, 2018.

There were no reportable findings as a result of this audit.

IMPLEMENTATION PLAN/DATE

Not applicable

FISCAL IMPLICATIONS

University data integrity is foundational to fiscal accountability and critical to future BOG performance based funding of Florida's public universities.

Supporting Documentation: OIG Report FAU 17/18-2, Performance Based Funding Data
Integrity as of October 31, 2017

Presented by: Mr. Morley Barnett, Inspector General

Phone: 561-297-3682

Report No. FAU 17/18-2
Report Issue Date: January 29, 2018

FLORIDA ATLANTIC

UNIVERSITY™

Office of Inspector General

Audit Report: Performance Based Funding Data Integrity

As of October 31, 2017

Use of Report

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REPORT ON THE AUDIT OF PERFORMANCE BASED FUNDING DATA INTEGRITY

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Florida Board of Governors
Performance-Based Funding Allocation, 2017-18
June 22, 2017

	Points	Allocation of State Investment	Allocation of Institutional Investment ¹	Total Performance-Based Funding Allocation
FAMU	65	\$0	\$13,905,021	\$13,905,021
FAU	72	\$19,395,004	\$21,769,903	\$41,164,907
FGCU	66	\$0	\$9,704,854	\$9,704,854
FIU	68	\$27,468,290	\$30,831,754	\$58,300,044
FSU	81	\$38,547,492	\$43,267,593	\$81,815,085
NCF	75	\$2,469,535	\$2,771,928	\$5,241,463
UCF	78	\$35,692,230	\$40,062,707	\$75,754,937
UF	95	\$55,061,011	\$48,516,241	\$103,577,252
UNF	58	\$0	\$12,894,229	\$12,894,229
USF	84	\$45,396,585	\$39,206,903	\$84,603,488
UWF	82	\$20,969,853	\$12,068,867	\$33,038,720
Total		\$245,000,000	\$275,000,000	\$520,000,000

*Institutions scoring 50 points or less or the three lowest scoring universities will not receive any State Investment. Any ties in scores are broken using the tiebreaker policy in Regulation 5.001.

Notes:

¹ Each university contributed a portion of their institutional budget, for a total of \$275 million, to be allocated based on performance. Universities that scored 51 points or higher receive their full institutional funding restored.



MEMORANDUM

TO: Dr. John Kelly
President

FROM: Morley Barnett
Inspector General

A handwritten signature in black ink, appearing to read "Morley Barnett", is written over the printed name of the sender.

DATE: January 29, 2018

SUBJ: PERFORMANCE BASED FUNDING DATA INTEGRITY AUDIT

In accordance with the University's Internal Audit Plan for fiscal year 2017-18, and at the request of the Florida Board of Governors (BOG), we have conducted an audit of the processes and controls that Florida Atlantic University has in place related to data submissions in support of the BOG performance based funding metrics as of October 31, 2017. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

Please call me if you have any questions.

cc: University Provost
Vice Presidents
University Chief Information Officer
FAU Board of Trustees
Inspector General, Florida Board of Governors
Florida Auditor General

Executive Summary

In accordance with the University's Internal Audit Plan for fiscal year 2017-18, and at the request of the Florida Board of Governors (BOG), we have conducted an audit of the University's processes and controls which support data submitted to the BOG for its performance based funding (PBF) metrics. This audit was part of a system-wide examination of data integrity based on data due to be submitted to the BOG as of October 31, 2017.

The primary objectives of this audit were to:

- Evaluate controls and processes established by the Office of Institutional Effectiveness and Analysis and primary data custodians to ensure completeness, accuracy and timeliness of data submitted to the BOG; and,
- Provide a reasonable basis of support for the Performance Based Funding Data Integrity Certification statement which is required to be signed by the University president and Board of Trustees chair.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as compliance testing of data elements comprising the *Student Instruction Final*, *Student Financial Aid*, and *Hours-to-Degree* files which are used in computations for five of ten performance based funding metrics.

Based on our observations and tests performed, we are of the opinion that the University's processes and internal controls for data compilation and reporting to the BOG are adequate. There were no findings or recommendations as a result of this audit. The recommendation made in the prior year's audit related to timely submission of data to the BOG was found to have been effectively implemented.



January 29, 2018

Dr. John Kelly
President
Florida Atlantic University
Boca Raton, Florida

Dear President Kelly:

SCOPE AND OBJECTIVES

At the request of the Florida Board of Governors, we have conducted an audit of the processes used by the University to ensure the completeness, accuracy, and timeliness of data submissions to the BOG. As part of this system-wide audit, we chose to focus on data elements supporting Metric #3 - *Cost to the Students, Net Tuition & Fees Per 120 Credit Hours*, which are also used in computations of four other performance based funding metrics.

The primary objectives of this audit were to:

- Evaluate controls and processes established by the Office of Institutional Effectiveness and Analysis and primary data custodians to ensure completeness, accuracy and timeliness of data submitted to the BOG; and,
- Provide a reasonable basis of support for the Performance Based Funding Data Integrity Certification statement which is required to be signed by the University president and Board of Trustees chair.

Our audit covered data submissions to the BOG through October 31, 2017. Detailed testing of data submitted to the BOG was limited to information found in the *Student Instruction Final (SIF)*, *Student Financial Aid (SFA)*, and *Hours-to-Degree (HTD)* files used for calculation of Metric #3. Elements located in data tables of the three files were tested on a sample basis for validation with information primarily recorded in the Banner Student System - based on input by two data custodians (Offices of the Registrar and Student Financial Aid). Other relevant information reviewed for the audit included BOG narratives on PBF metric derivations, BOG data definitions, minutes of the University's data integrity committee, and documentation related to controls over centralized and decentralized data validation, compilation and submission protocols.

Our audit was conducted in accordance with International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors.

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BACKGROUND

The Florida Board of Governors has broad governance responsibilities affecting administrative and budgetary matters for Florida's 12 public universities. In January 2014, the BOG approved a performance funding model for the State University System of Florida (SUS) based on ten metrics, the first eight of which are common to all institutions and the last two reflecting the choices of the BOG and each university's board of trustees respectively. Listed below are the 10 performance based funding metrics which are applicable to Florida Atlantic University:

1. **Percent of Bachelor's Graduates Employed (Earning \$25,000 +) or Continuing their Education**
2. **Median Wages of Bachelor's Graduates Employed Full-time**
3. **Average Cost to the Student (Net Tuition per 120 Credit Hours)**
4. **Six-Year Graduation Rate (Full-time and Part-time FTIC)**
5. **Students Academic Progress Rate (Second Year Retention Rate with GPA Above 2.0)**
6. **Bachelor's Degrees Awarded within Programs of Strategic Emphasis (including STEM)**
7. **University Access Rate (Percent of undergraduates with a Pell grant)**
8. **Graduate Degrees Awarded within Programs of Strategic Emphasis (including STEM)**
9. **Percent of Baccalaureate Degrees Awarded Without Excess Hours**
10. **Percent of Baccalaureate Degrees Awarded to Minorities**

The BOG performance funding 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 SUS institutions.

Controls over Data Validation, Compilation, and Submission

The Florida Board of Governors maintains a student unit record database titled the State University Database System (SUDS). This database contains over 400 data elements about students, faculty and programs at SUS institutions. SUDS is part of a web-based portal developed by the BOG for the SUS to report data, and has centralized security protocols for access, data encryption and password controls. Initial input of data files supporting PBF metrics is the responsibility of primary data custodians, such as the Admissions Office, Office of the Registrar, and Student Financial Aid, and is scheduled to be uploaded to SUDS based on the BOG's *Due Date Master Calendar*. Data uploaded to SUDS by various departments are subject to edit checks to help ensure propriety, consistency with BOG-defined data elements, and accuracy of information submitted. Once satisfied that any edits errors have been fully addressed, official submission of data files to the BOG is managed by the Office of Institutional Effectiveness and Analysis (IEA), a unit within the Office of Information Technology.

Each file submission by IEA is subject to an affirmation statement in SUDS which declares that data submitted for approval "represents electronic certification of this data per Board of Governors Regulation 3.007". The University also requires an internal certification by departments when they upload data to SUDS. The internal certification is an email notification to IEA from the departmental data custodian manager which states "I certify that the approved business process for submission of the data file(s) has been followed and that the data submission is free from any major errors and accurate to the best of my knowledge".

Board of Governors acceptance of data submissions is a formal process which is documented in SUDS, and if a submission is rejected it will be subject to resubmission protocols set by the BOG.

Student Instruction Final, Student Financial Aid, and Hours-to-Degree data submissions

The semesterly SIF, and annual SFA and HTD files are crucial sources of information submitted for metrics 3, 4, 5, 7, and 9a. A commonality among all submitted files is the inclusion of tables which are comprised of various data elements as defined by the BOG. (Data elements comprising the SIF, SFA and HTD files are further explained in Appendix B of this report).

COMMENTS AND RECOMMENDATIONS

Current Findings and Recommendations

No findings were noted as a result of this audit.

Prior Audit Recommendations

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed. In the previous year's audit, we noted delays in submission of some data files to the BOG necessary to compute several of the tested metrics. During the current audit, we followed up on the timeliness of data submissions required for performance metrics and noted that all filings were made on, or prior to, due dates established by the BOG.

CONCLUSION

Based on our audit, we have concluded that the controls and processes which Florida Atlantic University has in place to ensure the accuracy and completeness of data submitted to the Board of Governors in support of performance based funding are adequate.

We believe our audit can be relied upon by the University Board of Trustees and president as a basis for certifying representations to the Board of Governors related to the integrity of data required for its performance based funding model.

We wish to thank the staffs of the Office of Institutional Effectiveness and Analysis, Office of the Registrar, and other primary data custodians for their cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CPE
Inspector General

Audit performed by: Mike Hewett, CIA, CGAP, CBA, CFSA
Morley Barnett, CPA, CFE



Performance Based Funding Data Integrity Audit
10/31/2017

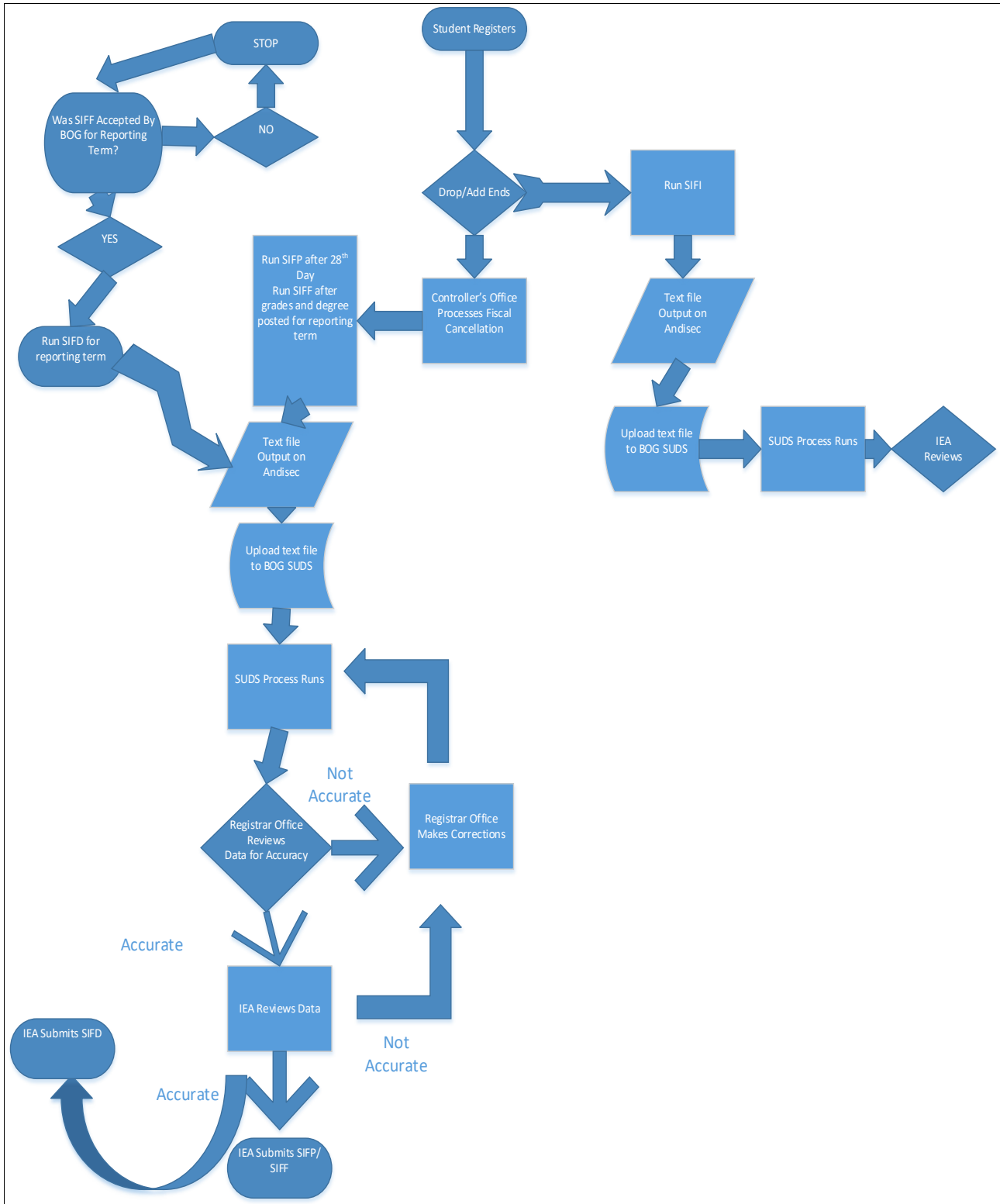
LIST OF REPORT APPENDICES

Appendix

- TYPICAL INTERNAL DATA PROCESS FLOW AND SUBMISSION TO BOG A
- SUMMARY OF *SIF, SFA, and HTD* FILES B
- DATA INTEGRITY CERTIFICATION STATEMENT REQUIRED BY BOG C

Typical Process Flow for Data Integrity and Submission to the Florida Board of Governors

Office of the Registrar



Performance Based Funding Data Integrity Audit
Fiscal Year 2017/18

-Student Instruction (SIF) Data submission-

Column Name	Element Name	Element #	Basic explanation of elements (original data source)	Data Table	Related Metric
1 REPT_INST	Reporting Institution	1045	The university within the SUS reporting this information -- code as 'FAU'	Enrollments and Person Demo	7
2 STU_CLASS_LEVEL	Student's Classification Level	1060	The categorization of the student's progress at the beginning of the term toward a specific degree or certificate as it applies to allocation of resources within the State University System.	Enrollments	3, 4, 5, 7
3 DEG_LEVEL_SOUGHT	Degree - Level Sought	1053	The level of degree that will be awarded pending successful completion of the student's current degree program.	"	7
4 CURR_TERM_CRD_LD	Current Term Course Load	1063	The total number of credit hours for which a student is enrolled this term.	"	4, 5
5 LAST_INST_CODE	Last Institution Code	1067	The Office of Postsecondary Education Identifier (OPEID) code for the student's most recent post-secondary educational training previous to this institution.	"	4, 5
6 TYPE_STUDENT_ENTRY	Type of Student at Date of Entry	1068	Type of student at time of first registration for credit courses at this institution.	"	4, 5
7 INST_HRS_GPA	Institutional Hours for GPA	1085	Total number of credit hours attempted in current degree level (Undergraduate, Graduate, First Professional) at reporting institution at the beginning of the reporting term to be used for calculation of the Grade Point Average.	"	4, 5
8 TOT_INST_GRD_PTS	Total Institutional Grade Points	1086	Total institutional grade points generated in current degree level (Undergraduate, Graduate, First Professional) by student at this institution, based on a 4.0 system, prior to the reporting term.	"	4, 5
9 TERM_CRD_HRS_GPA	Term Credit Hours for GPA	1088	Total credit hours for the current term which are to be used for grade point average calculation based on a 4.0 system.	"	4, 5
10 TERM_GRD_PNTS_EARN	Term Grade Points Earned	1090	Total grade points on a 4.0 system earned by the student in the term being reported.	"	4, 5
11 CRS_BUD_ENT_CODE	Course Budget Entity Code	1100	A code to indicate the budget entity of the department offering the course section.	Courses Taken	3
12 STU_SECT_FUND_FLG	Student Section Funding Flag	1103	Indicates whether or not a course is state funded. If it is not state fundable this flag indicates reason it is not.	Courses Taken	3
13 FEE_CLASS_RES	Fee Classification - Residency	1106	The student's domicile, within or outside of the State of Florida, identified for the purpose of assessing fees at the institution. For the purpose of assessing registration fees a student shall be classified as Florida or Non-Florida as of the first day of classes.	Enrollments	3
14 FEE_CLASS_KIND	Fee Classification - Kind	1107	The classification of the type of registration fees (money charged by the university for instruction) and other payments made by the student to the university for educational purposes	"	4, 5, 7
15 DEG_HIGHEST_HELD	Degree - Highest Level Held	1112	The highest educational degree, certificate or diploma held by the individual.	"	4, 5
16 INST_GRNT_HIGH_DEG	Institution Granting Highest Degree	1411	OPEID Code of the post-secondary institution where the student received his/her highest degree.	"	4, 5
17 STU_RECENT_ADM_TYP	Type of Student at Time of Most Recent Admission	1413	Type of student at the time of most recent admission or readmission to the institution.	"	4, 5, 7
18 DATE_RECENT_ADM	Date of Most Recent Admission	1420	The year and month of the student's most recent admission or readmission to the institution.	"	4, 5
19 UNIVERSITY_GPA	University GPA	1801	There are three University Grade Point Averages that are calculated from the Student Data Course File records and included in reports: Cumulative GPA at Beginning of Term, Term, and GPA Cumulative GPA at End of Term.	"	4, 5
20 DEMO_TIME_FRAME	Demo Time Frame	2041	Demographic Time Frame	"	7

- Metric #3 - **Cost to the Student (Net Tuition & Fees per 120 credit hours)**
- Metric #4 - **Six Year FTIC Graduation Rate**
- Metric #5 - **Academic Progress Rate (2nd Year Retention with GPA above 2.0)**
- Metric #7 - **University Access Rate (Percent of Undergraduates with a Pell-grant)**
- Metric #9a **Percent of Bachelor's Degrees Without Excess Hours**

Performance Based Funding Data Integrity Audit
Fiscal Year 2017/18

- Student Financial Aid (SFA) Data submission-

Column Name	Element Name	Element #	Basic explanation of elements (original data source)	Data Table	Related Metric
1 AWARD_PROG_ID	Financial Aid Award Program Identifier	1253	A code to identify the financial aid program from which the student has received an award: Grants, Loans, Scholarships, Student Employment, Third Party Billing.	Financial Aid Awards	3, 7
2 TERM_AMOUNT	Term Amount	2037	The amount of an award by source of funds and award program and award condition for the term in which the award was made.	"	7
3 AWARD_PAYMENT_TERM	Award Payment Term	2040	Award Payment Term	"	7

-Hours to Degree (HTD) Data submission-

Column Name	Element Name	Element #	Basic explanation of elements (original data source)	Data Table	Related Metric
1 CRS_SECTN_TYP	Course Section Type	1104	The means by which instruction is predominantly delivered for this course section.	Courses to Degree	9a
2 SECTN_CRED	Section Credit	1459	A quantitative measurement, stated in semester hours, which is the number of hours a student attempts or earns for a course.	"	3, 9a
3 CRS_SYSTEM	Course System Code	1484	The association of the institution where this course was taken.	"	3, 9a
4 CRS_GROUP	Course Grouping Code	1485	A code to group courses by application and/or method of instruction.	"	3, 9a
5 TEST_METHOD	Credit Hour Testing Method	1488	A code to indicate the method of testing associated with the credit hours reported for this course.	"	9a
6 USAGE_IND	Credit Hour Usage Indicator	1489	A code to indicate that the credit for this course was used toward the degree or to determine if the credit is a foreign language requirement of Board of Governors Regulations 6.002 or 6.004.	"	3, 9a
7 EXCESS_HRS_EXCLUSION	Excess Hours Exclusion	2065	Indicator to identify the type of excess hours exclusion.	"	3, 9a
8 CATALOG_HRS	Catalog - Hours to Degree	1477	The number of hours required to complete the degree awarded, as approved by the Board of Governors and effective for the catalog term reported in Catalog - Term for Degree (Element 01476).	Hours to Degree	9a

- Metric #3 - **Cost to the Student (Net Tuition & Fees per 120 credit hours)**
- Metric #4 - **Six Year FTIC Graduation Rate**
- Metric #5 - **Academic Progress Rate (2nd Year Retention with GPA above 2.0)**
- Metric #7 - **University Access Rate (Percent of Undergraduates with a Pell-grant)**
- Metric #9a - **Percent of Bachelor's Degrees Without Excess Hours**



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Performance Based Funding March 2018 Data Integrity Certification

Name of University: _____

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 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 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 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 type="checkbox"/>	<input type="checkbox"/>	

Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
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 type="checkbox"/>	<input type="checkbox"/>	
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 Office.	<input 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 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 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 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 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	<input type="checkbox"/>	<input type="checkbox"/>	

Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
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.			
<p>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.</p> <p>Certification: _____ Date _____ President</p>			
<p>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.</p> <p>Certification: _____ Date _____ Board of Trustees Chair</p>			