



**Board of Trustees
University of Central Florida
Audit, Operations Review, Compliance, and Ethics Committee
January 29, 2015
9:00 – 9:30 a.m.
UCF FAIRWINDS Alumni Center
Call-in number: 800-442-5794 Code: 463796**

AGENDA

- | | |
|---|--|
| I. Opening comments and approval of minutes | Trustee Jim Atchison
<i>Chair; Audit, Operations Review,
Compliance, and Ethics
Committee</i> |
| II. Approval of the Board of Governors' Performance-Based Funding Data Integrity Certification Report (INFO-1) | Robert Taft
<i>Chief Audit Executive</i> |
| III. External Audits update | Robert Taft |
| IV. Audit Plan update | Robert Taft |
| V. University Compliance, Ethics, and Risk program update | Rhonda L. Bishop
<i>Chief Compliance and Ethics
Officer</i> |
| VI. Athletics compliance program update | Rhonda L. Bishop |
| VII. Closing comments | Jim Atchison |



Board of Trustees
Audit, Operations Review, Compliance, and Ethics Committee Meeting
August 22, 2014
Millican Hall, President's Board Room

MINUTES

CALL TO ORDER

Trustee Jim Atchison, chair of the Audit, Operations Review, Compliance, and Ethics Committee, called the meeting to order at 2:00 p.m. by telephone. Committee member Beverly Seay was present; committee member Reid Oetjen was present by telephone.

OLD BUSINESS

Minutes

Atchison called for approval of the January 8, 2014, Audit, Operations Review, Compliance, and Ethics Committee meeting minutes, which were approved as written.

NEW BUSINESS

Update on External Audits

Robert Taft, Chief Audit Executive, provided an overview of three external audits by the Florida Auditor General. The audit of financial reporting and federal awards was completed and revealed three minor recommendations. The audit of the Florida Bright Futures Scholarship Program identified one issue. Recommendations for both audits have been implemented and adjustments made. A financial audit report on the university for fiscal year 2012-13 disclosed the university's basic financial statement was presented fairly in all material respects and no material weaknesses in internal controls were identified.

University Audit Update

Taft presented an overview of the 2014-15 audit plan and the department's initiatives, innovations, and development. He also noted that the university has established a student chapter of the Association of Certified Fraud Examiners. University Audit will have a student intern from the chapter work in its office every semester.

University Compliance, Ethics, and Risk Management Program Update

Rhonda Bishop, Chief Compliance and Ethics Officer, gave a presentation on the new UCF IntegrityLine, an anonymous and confidential reporting line. The UCF IntegrityLine is operative, and communication to employees will begin in September.

Bishop provided an update on the review of the university's conflict of interest and commitment disclosure process, policies, and procedures. She summarized the results of a survey administered to all faculty and executive service employees required to use the online disclosure process. Based on the results of the review and survey, improvements were identified and will be completed prior to launching the next conflict of interest and commitment reporting process in October. The final report will be sent to the committee.

Bishop outlined the recently approved university policy *2-700 Reporting Misconduct and Protection from Retaliation* and highlighted the importance of employees reporting concerns related to possible misconduct and the importance of protection from retaliation.

Athletic Compliance Program

Bishop reported that the NCAA performed an academic performance program review. The NCAA stated that this review is part of its normal process and not a result of an allegation or concern. The university has received and is responding to the draft report. Based on the draft report and exit conference with the NCAA reviewer, the findings were minimal and the review went well.

Chair Atchison adjourned the Audit, Operations Review, Compliance, and Ethics Committee meeting at 3:00 p.m.

Respectfully submitted:  
Robert Taft
Chief Audit Executive
Date

Respectfully submitted:  
Rhonda L. Bishop
Chief Compliance and Ethics Officer
Date

UNIVERSITY AUDIT

AUDIT 323
JANUARY 6, 2015

PERFORMANCE BASED
FUNDING
DATA INTEGRITY

AUDIT OF INTERNAL CONTROLS AND COMPLIANCE
AS OF SEPTEMBER 30, 2014



UNIVERSITY OF CENTRAL FLORIDA



University Audit

MEMORANDUM

TO: John C. Hitt
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: January 6, 2015

SUBJECT: Audit of Performance Based Funding Data Integrity

The enclosed report represents the results of our audit of performance based funding data integrity.

We appreciate the cooperation and assistance of the Institutional Knowledge Management staff.

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

Background and Performance Objectives

The Florida Board of Governors (BOG) has broad governance responsibilities affecting administrative and budgetary matters for Florida's 12 public universities. Beginning in 2013-14, the BOG implemented a performance based funding model which is based on 10 performance metrics used to evaluate the institutions on a range of issues, including graduation rates, job placement, cost per degree, and retention rates, among other measures. 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 approved \$100 million in new performance based funding, plus an amount totaling \$65 million that comes proportionally from each university's recurring state base appropriation and another \$35 million from other system initiatives, for a total of \$200 million in funding.

For 2014-15, 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 BOT from the remaining metrics in the University Work Plan. UCF's metrics were:

1. percent of bachelor's graduates employed and/or continuing their education further
2. average wages of employed baccalaureate graduates
3. cost per undergraduate degree
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 above 2.0)
6. bachelor's degrees awarded in areas of strategic emphasis
7. university access rate (percent of undergraduates with a Pell-grant)
8. graduate degrees awarded in areas 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 that ensure the completeness, accuracy, and timeliness of data submissions to the BOG. Data submitted to the BOG, upon which performance funding is based, and the methods and

controls applied by university management necessary to ensure 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
- any available documentation, including policies, procedures, and desk manuals, to assess the adequacy of the documentation for ensuring data integrity for university 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 tracing sampled items and file submissions to source documents and other university records
- the veracity of the university data administrator's data submission statements that indicate, "I certify that this file/data represents the position of this University for the term being reported"
- the consistency of data submissions with the data definitions and guidance provided by the BOG through the data committee and communications from 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.

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.



STATE UNIVERSITY SYSTEM of FLORIDA Board of Governors

Performance Based Funding Data Integrity Certification

Attachment 1

Name of University: _____

Period Ending: _____

INSTRUCTIONS: Please respond "Yes," "No" or "N/A" in the blocks below for each representation. Explain any "No" or "N/A" responses to ensure clarity of the representation and include copies of supporting documentation as attachment(s).

Performance Based Funding Data Integrity Certification Representations				
	Yes	No	N/A	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 Office which will be used by the Board of Governors in Performance Based Funding decision-making.	<input type="checkbox"/>	<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"/>	<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 type="checkbox"/>	<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"/>	<input type="checkbox"/>	

Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations				
	Yes	No	N/A	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"/>	<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 of Governors Information Resource Management (IRM) office.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors are identified, through the processes identified in item #6, a written explanation of the critical errors were included with the file submission.	<input type="checkbox"/>	<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 including any necessary resubmissions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, for each data file submission, my Data Administrator provided a certification indicating "I certify that this file/data represents the position of this University for the term being reported."	<input type="checkbox"/>	<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"/>	<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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Performance Based Funding Data Integrity Certification Form

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Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations				
	Yes	No	N/A	Comment / Reference
State University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<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 _____ <div style="margin-left: 100px;">President</div></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 _____ <div style="margin-left: 100px;">Board of Trustees Chair</div></p>				