



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees  
Audit and Compliance Committee  
January 24, 2019, 9:15 a.m.  
UCF Rosen College of Hospitality Management  
Conference Call-In Phone #1-800-442-5794, passcode 463796**

**AGENDA**

- |   |  |
|---|--|
| <b>I. CALL TO ORDER</b>   | Beverly Seay<br><i>Chair, Audit and Compliance<br/>Committee</i>   |
| <b>II. ROLL CALL</b>  | Margaret Melli<br><i>Executive Administrative Assistant of<br/>University Compliance, Ethics, and Risk</i> |
| <b>III. MEETING MINUTES</b>   |  |
| <ul style="list-style-type: none"><li>• <a href="#">Approval of the November 30, 2018, Audit and Compliance Committee meeting minutes</a></li></ul>   | Chair Seay   |
| <b>IV. NEW BUSINESS</b>   | Chair Seay   |
| <ul style="list-style-type: none"><li>• Board of Governors' Performance-based Funding Data Integrity Certification Audit Report (<a href="#">AUDC-1</a>)</li><li>• Performance-based Data Integrity Certification Form (<a href="#">AUDC-2</a>)</li></ul> | Robert Taft<br><i>Chief Audit Executive</i><br><br>Robert Taft   |
| <b>V. CLOSING COMMENTS</b>  | Chair Seay   |



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees  
Audit and Compliance Committee Meeting  
November 30, 2018  
Millican Hall Room 395E**

**MINUTES**

**CALL TO ORDER**

Trustee Beverly Seay, chair of the Audit and Compliance Committee, called the meeting to order at 4:15 p.m. Committee member Dave Walsh was present. Committee members Kenneth Bradley, Danny Gaekwad, and Bill Yeargin attended by teleconference call. Chairman Marcos Marchena and Trustee Lord attended by teleconference call.

**MINUTES APPROVAL**

The minutes from the August 28, 2018, meeting were approved unanimously.

**NEW BUSINESS**

**Review of Audit and Compliance Committee Self-Assessment (AUDC-1)**

Christina L. Serra, director of compliance and ethics and interim chief compliance and ethics officer and Robert Taft, chief audit executive, presented the Audit and Compliance Committee Self-Assessment survey. The committee tabled the survey after the decision to present it to a third-party consultant for review and approval was made. The survey will be brought back for approval at a future meeting.

**University Audit Report (INFO-1)**

Taft presented the University Audit Report that included an outline for the methodology proposed to be used for capital projects audits and a discussion on an upcoming disaster recovery and business continuity audit. He gave an update on other activities including highlighting the cost savings with the new purchasing program with Amazon Business, University Audit assisted in the process. He also provided an update on the department's IIA Quality Assurance Review Report and the Florida Auditor General Operational Audit report.

2018 Compliance, Ethics, and Risk Annual Report (INFO-2)

Serra presented the 2018 Compliance, Ethics, and Risk Annual Report and stated that she would like to invite compliance partners to present to the committee updates on their compliance programs. The Athletics Compliance Office will provide the next update.

University Compliance, Ethics, and Risk Report (INFO-3)

Serra presented the University Compliance, Ethics, and Risk Report. She announced that Cameron Walker has accepted the position of sr. associate athletic director, compliance; the assistant athletic director, compliance position search is complete and the position will be filled in December; and the search firm Isaacson Miller will assist with hiring the director, enterprise risk and insurance management position. Serra provided an update on the 2018-19 Compliance and Ethics Annual Work Plan.

Chair Seay adjourned the Audit and Compliance Committee meeting at 5:18 p.m.

Reviewed by:

\_\_\_\_\_

Beverly Seay

Chair, Audit and Compliance Committee

\_\_\_\_\_

Date

Respectfully submitted:

\_\_\_\_\_

Grant J. Heston

Associate Corporate Secretary

\_\_\_\_\_

Date

**ITEM: AUDC-1**

**University of Central  
Florida Board of Trustees  
Audit and Compliance Committee**

**SUBJECT:** Board of Governors' Performance-based Funding Data Integrity Certification  
Audit Report

**DATE:** January 24, 2019

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**PROPOSED COMMITTEE ACTION**

Accept University Audit's report on the Board of Governors Performance-based Funding Data Integrity Certification Process

**BACKGROUND INFORMATION**

As an annual requirement, University Audit has performed an audit of UCF's processes to ensure the completeness, accuracy, and timeliness of data submissions relating to Board of Governors' performance funding metrics.

The results of this audit are to be accepted by the committee including any identified corrective action plans. After acceptance by the committee, the report shall be submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2019.

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**Supporting documentation:** Attachment A: Board of Governors' Performance-based Funding Data Integrity Certification Process Audit Report

**Prepared by:** Robert Taft, Chief Audit Executive, University Audit

**Submitted by:** Robert Taft, Chief Audit Executive, University Audit

# UNIVERSITY AUDIT

AUDIT 353

DECEMBER 14, 2018

# PERFORMANCE-BASED FUNDING DATA INTEGRITY

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AUDIT OF INTERNAL CONTROLS AND COMPLIANCE  
AS OF SEPTEMBER 30, 2018



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.



UNIVERSITY OF CENTRAL FLORIDA

**University Audit**

Phone: 407-823-2889

P.O. Box 160080

Orlando, FL 32816-0080

**MEMORANDUM**

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TO: A. Dale Whittaker  
President

FROM: Robert J. Taft  
Chief Audit Executive

DATE: December 14, 2018

SUBJECT: Audit of Performance-based Funding Data Integrity

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

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

cc: M. Paige Bordon  
Linda Sullivan  
Elizabeth Dooley  
Ronnie Korosec  
Board of Trustees  
Grant Heston

### Background and Performance Objectives

Beginning in 2013-14, the Florida Board of Governors (BOG) implemented a performance-based funding (PBF) model which utilizes 10 performance metrics to evaluate universities 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 2018-19 funding, each university was evaluated on seven metrics common to all universities, except Florida Polytechnic University, which is not yet eligible to participate in the funding process. 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 (BOT) from the remaining metrics in the University Work Plan.

UCF's metrics were:

1. percent of bachelor's graduates continuing their education or employed (with a salary greater than \$25,000) within the U.S. one year after graduation
2. median wages of bachelor's graduates employed full-time one year after graduation
3. average cost to the student (net tuition 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
9. percent of bachelor's degrees without excess hours
10. number of bachelor's degrees awarded annually

The Florida Excellence in Higher Education Act of 2018, which was signed into law on March 12, 2018, amending Section 1001.92 F.S., requires the Performance Funding Model to include:

- a four-year graduation rate metric
- the access rate benchmarks to be differentiated and scored to reflect the varying access rate levels among the universities.

The BOG developed a Performance-based Funding Data Integrity Certification form to provide assurances that the data provided by universities is reliable, accurate, and complete. This certification form is to be signed by the university president, affirmatively certifying each of the 12 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 BOT and signed by the BOT chair.

To make such certifications meaningful, the BOG again instructed each university BOT to “direct the university Chief Audit Executive to perform or cause to have performed by an independent audit firm, an audit of the university’s processes that ensure the completeness, accuracy, and timeliness of data submissions.”

#### Audit Objectives and Scope

The primary objective of this audit was 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. This audit will also provide an objective basis of support for the president and BOT chair to certify the required representations on the data integrity certification form.

Our approach is to audit files related to four of the 10 measures each year so that all measures are tested twice within a five-year cycle. This year’s testing including data files submitted as of September 30, 2018, related to:

- Metric 3: cost of bachelor’s degrees to the student, net tuition and fees per 120 credit hours
- Metric 4: four-year graduation rate for full-time, first time in college students
- Metric 7: university access rate (percentage of undergraduates with a Pell grant)
- Metric 9: percent of bachelor’s degrees without excess hours

We performed 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 during our audit in 2015-16. During our 2016-17 and 2017-18 audit and the current 2018-19 audit, we reviewed any changes to controls and processes.

In addition, we verified the completeness and accuracy of the Hours to Degree (HTD), Courses to Degree (CTD), Student Instruction File (SIF), and Student Financial Aid (SFA) files



submitted to the BOG in support of the measures listed above. By developing our own queries in PeopleSoft and comparing those results to the files submitted to BOG, we were able to test 100 percent of the students submitted for each file.

### Overview of Results

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the completeness of data submitted to the BOG in support of performance-based funding. Although we found minor errors that resulted in inaccurate or incomplete information being submitted to the BOG for a small number of students, these errors were **immaterial** and had **no impact** on UCF's overall ranking among SUS institutions. Additional details are contained in Table 1.

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

### Audit Performance Metrics

Beginning of audit: March 28, 2018

End of fieldwork: October 26, 2018

### Audit Team Members:

Vicky Sharp, senior auditor, auditor in charge

Robert Taft, chief audit executive, level I reviewer

Table 1 –Issues identified during the audit

Issue #	Description	Impact on UCF's Raw Score	Impact on UCF's Excellence Score	Impact on UCF's Ranking Among SUS Schools	Status of Remediation
1	Seventeen students' entry type information was inaccurate; therefore, these students should not have been included in the Fall 2013 cohort. IKM has made changes to the logic that pulls the application history starting with academic year 2015-2016, which is after the 2013 cohort used in this metric.	By removing these students from the cohort, UCF's four-year graduation rate percentage falls from 43.8% to 43.7%	UCF would have earned only 4 excellence points rather than 5 excellence points.	None	<p><b>In Progress</b> as of the date of this report</p> <p>IKM will be submitting adjustments for 2012-13, 2014-15, and 2015-16 cohorts in the January 2019 SUDS cohort adjustments file.</p>
2	The logic in the program used to pull transfer courses used to satisfy students' degree requirements from the "myKnight Audit" academic advising software (implemented in Spring 2016) continues to be adjusted affecting certain students' excess hours on the CTD files used for metric 9, percent of bachelor's degrees without excess hours. We found two students should not have had excess hours, 1 student should have had less excess hours, and two students should have had more excess hours.	None	None	None	<p><b>Fully remediated</b> as of the date of this report</p>

**ITEM: AUDC-2**

**University of Central  
Florida Board of Trustees  
Audit and Compliance Committee**

**SUBJECT:** Performance-based Funding Data Integrity Certification Form

**DATE:** January 24, 2019

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**PROPOSED COMMITTEE ACTION**

Approval for submission of the Performance-based Funding Data Integrity Certification Form to the Board of Governors

**BACKGROUND INFORMATION**

As an annual requirement, UCF is required to complete a Performance-based Data Integrity Certification Form affirming the results of the completed audit report (AUDC-1) and that all representations included in the Performance Data Integrity Certification Form have been fulfilled.

This document is to be signed by the university president and the UCF Board of Trustees Chair and is to be submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2019.

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**Supporting documentation:** Attachment A: Board of Governors' Performance-based Funding Data Integrity Certification Form

**Prepared by:** Robert Taft, Chief Audit Executive, University Audit

**Submitted by:** Robert Taft, Chief Audit Executive, University Audit



STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

Attachment A  
**Performance Based Funding**  
March 2019 Data Integrity Certification

**University Name:** 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)(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 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 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"/>	The 2016 HTD file was delayed due to continuing programming logic challenges with the new degree audit system. We kept the BOG informed of our delays and the submission delay did not have any adverse impact on any of the data processing for the Accountability Plan.
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 <b>Submit for Approval</b> 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## Performance Based Funding Data Integrity Certification

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.			
12. I certify that I agreed to the scope of work for the Performance Based Funding Data Integrity Audit conducted by my chief audit executive.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>Performance Based Funding Data Integrity Certification Representations, Signatures</b>			
<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>			