



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES'
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE MINUTES**

December 3, 2015

215B Emerson Alumni Hall, University of Florida, Gainesville, Florida

Time Convened: 12:30 p.m. EST

Time Adjourned: 1:47 p.m. EST

1.0 Verification of Quorum

After a roll call, a quorum was confirmed.

Committee on Audit and Operations Review Members present:

Charles B. Edwards (Chair), Christopher T. Corr, Rahul Patel, Robert G. Stern, Paul Davenport, Joselin Padron-Rasines

2.0 Call to Order and Welcome

Committee Chair Charles B. Edwards called the meeting to order at 12:30 p.m. EDT.

Committee Chair Edwards welcomed everyone and asked for a moment of silence for the victims of recent terrorist acts around the world. Committee Chair Edwards then reported that he had reviewed the status of investigations conducted by the Office of Internal Audit (OIA). These activities included items that had been received on the UF Compliance Hotline. Trustee Edwards reported that he is satisfied that the investigations are being appropriately conducted and reviewed either by the OIA or referred to other appropriate university offices.

3.0 Review and Approval of Minutes

The Committee Chair asked for a motion to approve the minutes of the June 4, 2015 committee meeting, which was made by Trustee Corr and seconded by Trustee Davenport. The motion was approved unanimously.

4.0 Action Items

A01 - University of Florida Performance Based Funding – Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification.

Committee Chair Edwards asked the Committee to consider for approval and recommendation to the Board Consent Agenda Action Item A01 - University of Florida Performance Based Funding – Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification.

The audit is required by the Board of Governors (BOG) in support of their Performance Based Funding Model and was conducted by the OIA. CAE Mikell explained that the audit examines the controls in place that promote the accurate and efficient submission of university data to the BOG related to the performance based metrics. He further explained that the BOG requires this audit and that the Board of Trustees (BOT) must accept the audit. The BOG also requires the President to sign the Data Funding Integrity Certification form. The audit report provides the President with assurances when certifying the accuracy of submitted data. The Certification form must be approved by the BOT, and subsequently signed by the BOT Chairman.

Committee Chair Edwards asked for a motion to approve Action Item AO1 - University of Florida Performance Based Funding – Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification for the full Board's approval on the Consent Agenda and for submission to the Board of Governors. The motion was made by Trustee Corr and Seconded by Trustee Davenport, and the motion was approved unanimously.

5.0 Discussion/Informational Items

The following Discussion/Information Items were presented during the Committee meeting:

5.1 Update on External Audits

Phil Ciano of the Auditor General's Office appeared before the Committee to provide an update on current external audit activity. Mr. Ciano advised the Committee that he would be retiring in January, and introduced Denita Tyre who would succeed him in the role of external auditor for the University. With regard to current audit projects, Mr. Ciano reported the following:

- Operational Audit for the Fiscal Year 2014-2015. This audit is conducted at least every three (3) years, per statute. It has objectives relating to internal controls, compliance with State and university rule and regulations, and operational processes. Phil reported that the audit is complete and that Preliminary and Tentative findings have been delivered to university management and the Trustees. The university has responded to the findings, and the report should be released next week. Phil further stated that there are only a few comments in the report, but advised the Trustees to review the Scope and Methodology section of the report to see the level of coverage provided by the audit.
- Financial Statement Audit for the 2014-2015 fiscal year: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. The audit should be completed and released by the end of January, 2016. A significant standard change in the governmental reporting model (GASB

#68) will require the recording and reporting of a liability for unfunded pension obligations. Data provided by the Florida Retirement System indicated a liability for the university of approximately \$225 million. Reporting the liability will have an impact on the statement and note presentation. Discussion ensued on the extent of explanation that will be provided in the notes, and how the liability will ultimately be funded.

- Federal Audit for the 2014-2015 fiscal year: This Federal Compliance audit is conducted and reported as part of a statewide audit. The audit will cover both the Student Financial Aid (~ \$300 million) and the Research and Development (\$300+ million) major program clusters. Federal regulations require the report to be issued by March 31, 2016 and Phil indicated that the report will likely be released during March 2016.

5.2 Internal Audits and Other Reviews

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the OIA presented eight internal audit projects that had been issued since the last Committee meeting. The projects presented were:

- 1) UAA Financial Aid and Scholarships
- 2) UAA Controls Assessment
- 3) UF Alumni Association – Gator Clubs
- 4) Travel, Entertainment and Employee Reimbursements
- 5) Citrus Research and Development Foundation, Inc.
- 6) UFF Endowed Restricted Gifts
- 7) UFF Non-Endowed Restricted Gifts
- 8) President's Travel and Entertainment Expenses (Jan 1 to June 30, 2015)

The reports and summary had been previously provided to the committee for detailed review. Each audit project was briefly discussed and questions from the committee were answered.

CAE Mikell also generally discussed some Management Advisory Projects that had been completed and issued.

5.3 Quarterly Follow-up

Audit Director Cannella of the OIA reported on the follow-up status of comments and action plans from previously issued internal and other audits. For the benefit of new committee members, he explained the purpose and objectives for the follow-up system and discussed some of the more significant action plans in detail.

5.4 Audits of Affiliated Organizations

The committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial

reporting department of the Office of the Controller. University Controller Alan West discussed the schedules and management letter comments, and also answered questions from the committee.

5.5 2015-2016 Annual Audit Plan Revisions (OIA).

CAE Mikell explained the audit risk assessment process that leads to a three (3)-year work plan. The work plan is a fluid document and is adjusted every six months based on changing risks and resource constraints. FY 2015-2016 is year three (3) of this plan, and mid-year adjustments to the year's plan were presented and discussed with the committee. The committee authorized the changes as presented.

5.6 - 2014-2015 OIA Annual Report

CAE Mikell presented the highlights of the Annual Report. Full copies of the report were distributed to committee members.

5.7 – Committee and OIA Charters

Committee Chair Edwards briefly discussed that the Charter discussion would be deferred to a future meeting.

6.0 New Business

There was no New Business to discuss.

7.0 Adjourn

The Committee on Audit and Operations Review adjourned at 1:47 p.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
EXECUTIVE SUMMARY
December 3, 2015**

The Committee will consider and act on the following Action Items:

- Accept the University of Florida Performance Based Funding Data Integrity audit report as presented, and to approve the Performance Based Funding Data Integrity Certification, as executed by the President. After acceptance, recommend these documents to the Board of Trustees for approval on the Consent Agenda.

The Committee will address the following Discussion/Informational Items:

- Phil Ciano, the local field supervisor from the Auditor General's office, will update the Committee on the current external audits being conducted by his office.
- Brian Mikell, Chief Audit Executive (CAE), will discuss activities in the Office of Internal Audit (OIA) including:
 - internal audits completed and issued since the last committee meeting
 - the status of follow-up of audit comment action plans
 - proposed revisions to the 2015-2016 Annual Audit Plan
 - presentation of the OIA Annual Report for fiscal year 2014-2015
- The Committee will receive information on the status of audits of university-affiliated support organizations
- The CAE will discuss the Charters for the Committee on Audit and Operations Review and the OIA, including plans to review and approve revisions at a future meeting



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW**

COMMITTEE AGENDA

December 3, 2015

12:30 p.m. EST

**President's Room 215B, Emerson Alumni Hall
University of Florida, Gainesville, Florida**

Committee Members:

Charles B. Edwards (Chair), Christopher T. Corr, Paul W. Davenport, Joselin Padron-Rasines, Rahul Patel, Steven M. Scott, Robert G. Stern

- 1.0 Verification of Quorum Brian Mikell, Chief Audit Executive
- 2.0 Call to Order and Welcome Charles B. Edwards, Chair
- 3.0 Review and Approval of Minutes..... Charles B. Edwards, Chair
[June 4, 2015](#)
- 4.0 Action Items Charles B. Edwards, Chair
[AO1. University of Florida Performance Based Funding – Data Integrity \(Audit Report\) and Performance Based Funding Data Integrity Certification](#)
- 5.0 Discussion/Informational Items..... Charles B. Edwards, Chair
 - 5.1 Update on External Audits Phil Ciano, Office of the Auditor General
 - 5.2 [Audits and Other Reviews](#)..... Office of Internal Audit
 - 5.3 [Quarterly Follow-up](#)..... Office of Internal Audit
 - 5.4 [Audits of Affiliated Organizations](#) Office of the Chief Financial Officer
 - 5.5 [2015-2016 Annual Audit Plan Revisions](#) Office of Internal Audit
 - 5.6 [2014-2015 OIA Annual Report](#) Office of Internal Audit
 - 5.7 Charter Review Discussion – Committee and OIA..... Office of Internal Audit
- 6.0 New Business Charles B. Edwards, Chair
- 7.0 Adjourn Charles B. Edwards, Chair



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES'
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE MINUTES**

June 4, 2015

215A Emerson Alumni Hall

University of Florida, Gainesville, Florida

Time Convened: 10:30 a.m. EDT

Time Adjourned: 11:27 a.m. EDT

1.0 Verification of Quorum

After a roll call, a quorum was confirmed with all members present.

Committee on Audit and Operations Review Members present:

Charles B. Edwards (Chair), Christopher T. Corr, Paul W. Davenport, Joselin Padron-Rasines, Rahul Patel, Robert G. Stern

2.0 Call to Order and Welcome

Committee Chair Charles B. Edwards called the meeting to order at 10:30 a.m. EDT.

Committee Chair Edwards welcomed everyone and reported that he had reviewed the status of investigations conducted by the Office of Internal Audit (OIA). These activities included items that had been received on the UF Compliance Hotline. Trustee Edwards reported that he is satisfied that the investigations are being appropriately conducted and reviewed either by the OIA or referred to other appropriate university offices.

3.0 Review and Approval of Minutes

The Committee Chair asked for a motion to approve the minutes of the April 2, 2015 Committee meeting, which was made by Trustee Corr and seconded by Trustee Davenport. The Chair asked for further discussion, after which he asked for all in favor and any opposed and the motion was approved unanimously.

4.0 Action Items

No action items were presented.

5.0 Discussion/Informational Items

The following Discussion/Information Items were presented during the Committee meeting:

5.1 Update on External Audits

Phil Ciano of the Auditor General's Office appeared before the Committee to provide an update on current external audit activity:

- Financial Statement Audit for the 2014-2015 fiscal year: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. Preliminary fieldwork is currently being performed, but will continue in earnest as the University completes its financial statements in late August. A significant standard change in the governmental reporting model (GASB #68) will require the recording and reporting of a liability for unfunded pension obligations. Data will be provided by the Florida Retirement System, but the changes will have an impact on the statement and note presentation. Mr. Ciano stated that he expects the audit report to be released in mid-December, 2015.
- Federal Audit for the 2014-2015 fiscal year: This Federal Compliance audit is conducted and reported as the University of Florida's chapter of a statewide audit. The audit will cover both the Student Financial Aid and the Research and Development major program clusters. Federal regulations require the report to be issued by March 31, 2016 and Mr. Ciano indicated that the report will likely be released during March 2016.
- Operational Audit for the Fiscal Year 2014-2015. This audit is conducted at least every three (3) years per statute. It has objectives relating to internal controls, compliance with state and university rules and regulations, and operational processes. Mr. Ciano reported that the audit is currently underway and fieldwork is approximately 50% complete. Expected release date for the audit report is October-November, 2015.
- Florida Bright Futures for the Fiscal Years 2013-2014 and 2014-2015. This audit covers compliance with state regulations relative to the Bright Futures program. Expected release date for the audit report is February 2016.

Chair Edwards indicated that he had attended an entrance conference for these projects on April 10, 2015.

5.2 Audits and Other Reviews

Chief Audit Executive (CAE) Brian Mikell of the OIA presented the following internal audit project that had been issued since the last Committee meeting:

- 1) University Purchasing Card Program

The report and summary had been previously provided to the Committee for detailed review. The audit project was briefly discussed and questions from the Committee were answered.

CAE Mikell also discussed some Management Advisory Projects that had been completed and issued.

5.3 Quarterly Follow-up

Audit Director Joe Cannella of the OIA reported on the follow-up status of comments and action plans from previously issued internal and other audits. For the benefit of new Committee members, he explained the purpose and objectives for the follow-up system.

5.4 2015-2016 Annual Audit Plan (OIA).

CAE Mikell explained the audit risk assessment process that leads to a three (3)-year work plan. The work plan is a fluid document and is adjusted every 6 months based on changing risks and resource constraints. FY 2015-2016 is year three (3) of this plan, and changes to the year's plan were presented and discussed with the Committee. The Committee authorized the changes as presented.

5.5 Audits of Affiliated Organizations

The Committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. Changes since our April meeting were minor.

5.6 Charter Review Update – Committee and OIA

CAE Mikell discussed the need to keep the charters for the Committee and the OIA up-to-date. Any revisions necessary will be presented at the next Committee meeting, and may incorporate changes necessitated by proposed BOG regulations relative to the internal audit function.

In light of the proposed BOG regulations, Chair Edwards briefly discussed the role of the OIA at the University of Florida and its placement with respect to reporting lines. Questions were answered from the Committee relative to what is the appropriate placement for an internal audit office.

6.0 New Business

There was no new business to discuss.

7.0 Adjourn

After asking for any further discussion and hearing none, Committee Chair Edwards asked for a motion to adjourn. With no further discussion desired, the motion was passed unanimously and the Committee on Audit and Operations Review was adjourned at 11:27 a.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE ACTION ITEM AO1
December 3, 2015**

SUBJECT: University of Florida Performance Based Funding – Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification

BACKGROUND INFORMATION

The Board of Governors has implemented a performance based funding model aligned with the State University System Strategic Plan goals. The integrity of the data provided to the Board of Governors by the universities is critical to the performance based funding model. On June 25, 2015, the Chairman of the Board of Governors instructed each University President to execute a Performance Based Funding Data Integrity Certification to provide assurances that the data submitted to the Board of Governors for performance based funding decision-making are reliable, accurate, and complete. This form is then to be approved by the University Board of Trustees and certified by the Board of Trustees Chair.

The Board of Governors Chair further instructed each University Board of Trustees to direct its Chief Audit Executive to perform an audit of the university's processes which ensure the completeness, accuracy and timeliness of data submissions to the Board of Governors. The results of this audit are to be accepted by the University Board of Trustees.

The Office of Internal Audit has performed such an audit and on November 9, 2015 issued audit report No. 16-674-11, Performance Based Funding – Data Integrity. On November 9, 2015 the University President executed the required Performance Based Funding Data Integrity Certification.

PROPOSED COMMITTEE ACTION

The Committee on Audit and Operations Review is asked to accept the University of Florida Performance Based Funding Data Integrity audit report as presented, to approve the Performance Based Funding Data Integrity Certification, as executed by the President, and to

authorize the Chair of the Board to execute the certification to the Board of Governors. The Committee is asked to recommend these items to the Board of Trustees for approval on the Consent Agenda and submission to the Board of Governors.

SIGNIFICANT POLICY ISSUES FOR COMMITTEE TO CONSIDER

Board of Governors approval is not required. Submission to the Board of Governors is required after action by the Board of Trustees and certification by the Board of Trustees Chair.

Supporting Documentation Included: See attached for the [Performance Based Funding Data Integrity Certification](#) and Appendix for the [Performance Based Funding Data Integrity Audit Report](#).

Submitted by: Brian Mikell, Chief Audit Executive

UNIVERSITY OF FLORIDA

OFFICE OF INTERNAL AUDIT

Audit of: University of Florida
Performance Based Funding – Data Integrity

Period of Audit: As of September 30, 2015

Report Issue Date: November 9, 2015

Report Number: UF-16-674-11

UNIVERSITY OF FLORIDA

PERFORMANCE BASED FUNDING – DATA INTEGRITY

As of September 30, 2015

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November 9, 2015

MEMORANDUM

TO: UF Board of Trustees Audit and Operations Review Committee

FROM: Brian D. Mikell, CPA
Chief Audit Executive 

SUBJECT: Performance Based Funding – Data Integrity audit

We audited the University of Florida's data submission process related to data metrics used for the BOG's performance based funding initiative, as of September 30, 2015. The attached report defines the scope of our audit and contains analysis and comments.

Please call me if you have any questions regarding the contents of the audit report.

BDM:dh

cc: President Fuchs
Provost and Sr. Vice President
Sr. Vice President and COO
Assistant Provost and Director, Institutional Planning and Research
Auditor General

PERFORMANCE BASED FUNDING – DATA INTEGRITY

EXECUTIVE SUMMARY

The Florida Legislature has called upon the State University System (SUS) of Florida to reach new levels of efficiency, academic quality and accountability. During fiscal year 2014-2015, the Board of Governors (BOG) implemented a performance based funding (PBF) model, which is intended to build upon the BOG's strategic plans and goals and annual accountability reports. This model seeks to further elevate the SUS while acknowledging each university's distinct mission.

The integrity of the data provided to the BOG by the universities is critical to the PBF decision-making process. Therefore, the BOG developed a Performance Based Funding Data Integrity Certification to provide assurances that the data submitted is reliable, accurate, and complete. This certification form is to be executed by the university President, affirmatively certifying each representation and/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 (BOT) and certified by the BOT Chair.

On June 25, 2015, the Chairman of the BOG instructed each university BOT to "direct its Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university's processes which ensure the completeness, accuracy and timeliness of data submissions to the Board of Governors." This audit will provide an objective basis of support for the President and BOT Chair to certify the required representations.

The Office of Internal Audit conducted an audit, as of September 30, 2015, of the University of Florida's data submission process related to data metrics used for the BOG's PBF initiative. The primary objective of this audit was to determine the adequacy of university controls in place to promote the completeness, accuracy, and timeliness of these data submissions to the BOG.

Based on the results of our audit procedures, we concluded that controls over the university's data submission process were adequate to promote the completeness, accuracy, and timeliness of submitted data relative to the BOG's PBF initiative. Our conclusion of "adequate" indicates that controls were in place and functioning as designed.

PERFORMANCE BASED FUNDING – DATA INTEGRITY

AUDIT REPORT

Scope and Objectives

On June 25, 2015, the Chairman of the Board of Governors (BOG), instructed each university board of trustees to “direct its Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university’s processes which ensure the completeness, accuracy and timeliness of data submissions to the Board of Governors.”

We have completed an audit, as of September 30, 2015, of the university’s data submission process related to data metrics used for the BOG’s performance based funding initiative. The primary objective of this audit was to determine the adequacy of university controls in place to promote the completeness, accuracy, and timeliness of these data submissions to the BOG.

Because of the inherent limitation in the application of such controls, errors or irregularities may, nevertheless, occur and not be detected. Also, assurances regarding the adequacy of internal controls cannot be projected to future periods due to the risk that procedures may become inadequate because of changes in conditions or compliance with procedures may deteriorate.

We conducted the audit in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors. The audit fieldwork was conducted from September 24, 2015 through October 20, 2015 in accordance with the 2015-2016 audit work plan, amended pursuant to the BOG directive to the University of Florida Board of Trustees (BOT).

Background

The Florida Legislature has called upon the State University System (SUS) of Florida to reach new levels of efficiency, academic quality and accountability. In 2014-2015 the BOG implemented a performance based funding (PBF) model, which is intended to build upon the BOG’s strategic plans and goals and annual accountability reports. This model seeks to further elevate the SUS while acknowledging each university’s distinct mission.

The integrity of the data provided to the BOG by the universities is critical to the performance based funding decision-making process. Therefore, the BOG developed a Performance Based Funding Data Integrity Certification to provide assurances that the data submitted to the BOG for PBF decision-making is reliable, accurate, and complete. This certification form is to be executed by the university President, affirmatively certifying each representation and/or providing an explanation as to why the representation cannot be made as written. The

certification form is also to be approved by the BOT and certified by the BOT chair. This audit will provide an objective basis of support for the President and BOT chair to certify the required representations (See Attachment A).

The PBF model has four stated guiding principles:

- Use metrics that align with SUS Strategic Plan goals
- Reward excellence or improvement
- Use a few clear, simple metrics
- Acknowledge the unique mission of the different institutions

The PBF Model includes ten metrics that evaluate the institutions on a range of issues:

- Eight of the ten metrics are common to all institutions. These include metrics on employment after graduation, cost of degree, graduation rates, academic progress, programs of strategic emphasis, and access to the university.
- One metric focuses on areas of improvement and distinct missions of each university. For the University of Florida, this metric is the number of awards that faculty have earned.
- The final metric is chosen by each university BOT from the remaining metrics in the University Work Plans that are applicable to their mission. The University of Florida BOT selected total research expenditures.

Attachment B identifies the BOG Performance Based Funding Metric Definitions

Attachment C identifies the University of Florida's final scores for the 2014-2015 and 2015-2016 allocations

The BOG Regulation 3.007, State University System (SUS) Management Information System, states the SUS universities shall provide accurate data to a management information system established and maintained by the BOG Office. The BOG has created a web-based State University Data System (SUDS) Master File Submission Subsystem for the SUS to report their data.

The number of files the university uploads is dependent on the submission type. Once all required files and any desired optional files for the submission are uploaded, the user checks the submission based on edit and standard reports provided by SUDS. The SUDS system will identify errors which may cause the file to be rejected. These errors should be corrected on the source file and uploaded to the system to be checked again. This process is iterated until the submission is free of all significant errors and/or the errors are explained. Once that is accomplished, the university is ready to 'officially' submit the data to the BOG for approval.

Once submitted, BOG staff reviews the results, error explanations, and standard reports. The submission will either be accepted or rejected. If rejected, then the reason will be posted to the user and a resubmission requested. If accepted, the submitted data will be promoted to the production database.

Organizational Responsibilities

The Office of Institutional Planning and Research (OIPR) is responsible for providing university management with information that supports institutional planning, policy formation and decision making; coordinating responses to inquiries for university-related information; serving as a comprehensive source for information about the institution; and for administering the BOG data collection/reporting system on campus.

The OIPR consists of a Data Administrator (DA), appointed to certify and manage the submission of data and eleven other staff responsible for overseeing the BOG requests as well as requests from other external institutions. The OIPR received approximately 740 data requests each year of which 25% were from the BOG.

The data owners at the university consist of core offices responsible for the extraction and compilation of the information that support the PBF metrics and other data requests. Core offices capture and generate the data and are responsible for reviewing and correcting information in the data systems prior to the submission through SUDS. The following offices/units were responsible for compiling the PBF metrics and were included within the scope of this audit:

- **Office of University Registrar (OUR):** Responsible for student information data used to create the student information files (SIF, SIFP, and SIFD). This data was used in multiple metrics involving graduation, retention, academic progress, and strategic emphasis.
- **Student Financial Affairs (SFA):** Responsible for the financial aid award data used to create the SFA file. This data was used in Metric 7 – University Access Rate.
- **Chief Financial Officer (CFO):** Responsible for the operating budget data which was used to create the Operating Budget (OB) file. The information in the OB file and the Instructional and Research Data (IRD) file was used by the BOG to create the Expenditure Analysis (EA). This information was used in Metric 3 – Average Cost per Bachelor's Degree.
- **OIPR:** Responsible for compiling information into the IRD file for the BOG to create the EA file. Extensive IT support was used to extract information from the Effort Reporting System for faculty workload and Classification of Instruction (CIP) code. This information was used in Metrics 3, 6, and 8a.
- **Cost Analysis:** This office was responsible for compiling the cost of research expenditures reported in the National Science Foundation Higher Education Research and Development Survey (HERD). This information is used by the BOG for Metric 10f – Total Research Expenditures.
- **Enterprise Systems (ES):** This unit provided information technology (IT) support to the various other units and was directly responsible for maintaining certain systems as well as compiling data and generating reports from those systems for the other core offices.

- **Center for Measuring University Performance:** The center is an independent organization which currently resides at Arizona State University and the University of Massachusetts Amherst with support from the University of Florida Foundation and the University at Buffalo. The staff and advisors from various universities, including UF, are responsible for compiling and publishing data for universities through their Annual Report of Top American Research Universities (TARU). The data for Metric 9b – Number of Faculty Awards was compiled by the BOG from the TARU.

After the upload by the data owners, the SUDS edit check summaries require further review for exceptions and necessary comments. This was an iterative process between the data owners, IT and the OIPR to address any significant exceptions in the summaries and formalize comments for the noted exceptions. The OIPR then performed a final review to evaluate the data accuracy prior to submission to the BOG for their approval. If the BOG accepted the file, then no further procedures were necessary for that submission. If the BOG rejected the file, then the data needed to be researched and corrected for reload and resubmission into SUDS until it received BOG approval.

Attachment D is a flowchart summarizing the data and process flows from extraction through the BOG approval.

Prior Audit Comments

An internal control audit of Performance Based Funding – Data Integrity was performed as of September 30, 2014, with audit report UF-15-663-17 issued February 9, 2015. Enhancements were implemented relative to access control policies and procedures for SUDS. The OIPR and owners of source data also enhanced documentation of their due diligence review procedures for the PBF submissions. The DA plans to submit an annual report to the President summarizing the due diligence procedures performed in January 2016 for the March 2016 certification statement.

Overall Conclusion

To identify and evaluate the controls in place relative to the university's data submissions in support of the PBF metrics, we conducted employee interviews, performed analytical reviews, evaluated risks related to each metric, reviewed program codes, performed process walkthroughs, and tested reported values to source data.

Based on the results of our audit procedures, we concluded that controls over the university's data submission process were adequate to promote the completeness, accuracy, and timeliness of submitted data relative to the BOG's PBF initiative.

A management letter was issued in concurrence with the audit report to communicate other comments and observations that did not warrant inclusion in the report due to lack of significance or relation to the scope of the audit.

DATA ADMINISTRATOR (DA)

BOG Regulation 3.007(2) states that each university President shall appoint an Institutional DA to certify and manage the submission of data to the SUS management information system. The Director of the OIPR has been officially charged with being the DA for the university. We observed a letter of formal appointment by the President which identified the Director's role as DA for the university since 2006. The Director's job description clearly defined her role as the DA. The DA and her staff are charged with ensuring that the university will provide accurate data to a management information system established and maintained by the BOG Office.

Responsibilities include:

- Ensuring the data is complete and in the correct format, and meets the specifications and criteria established by the BOG Data Committee.
- Prior to submission, test the file's consistency with established criteria using application/processes provided by the BOG Information Resource Management (IRM) Office. Submission must include a written explanation of critical errors.
- Timely submission of the file to the Director of IRM, or designee, pursuant to the established schedule.
- Certifying that the file/data represents the position of the university for the term being reported.
- Preparation and timely submission of a revised data file when the BOG rejected the original file.

OIPR Review and Edit Procedures

BOG Regulation 3.007(5)(a) requires that the DA shall prepare and submit the data file to the Director of IRM, or the Director's designee, pursuant to the schedule set forth in the submissions section of the specification for each file. The BOG develops a calendar of due dates for each submission and provides this information in the annual Higher Education Summit/SUS Data Workshops and on the SUDS submission screens.

Extensive procedures are performed by the data owners during their data extraction and review, and by the OIPR during their data review and submission. Consistent communication between the OIPR and the data owners is critical to coordinate these procedures in order to meet the required deadlines. A Data Request System (DRS) was developed by the OIPR to facilitate communication, documentation and monitoring of data requests. In response to a prior audit action plan, OIPR implemented a Data Owner Certification Statement during the year in which each Data Owner would summarize the work performed, verify support was maintained, and certify the file was ready for submission.

We noted comprehensive written procedures were in place to document the OIPR's submission process including work initiation, work in progress, quality control and data release procedures. Also in response to a prior audit action plan, a Review Status Form was implemented during

the year that identified review steps performed by OIPR staff and captured staff sign-off that the review had been completed.

We performed walk-throughs of the documented quality control processes for the SIF, SIFD, IRD and EA files by reviewing supporting documentation contained within the DRS, and emails between the OIPR, data owners and the BOG.

We tested the timeliness of submissions by reviewing all 14 submissions related to PBF from October 1 2014 through September 30, 2015. All submissions were timely, submitted by the appropriate staff, included explanations of any errors, and were accepted by the BOG. Three of the submissions (IRD, EA, and SIF) reviewed required resubmission due to exceptions. None of the exceptions had a material effect on the data. We observed that all submissions subsequent to the prior audit action plans implementation had a Certification Statement from the data owner and a Review Status form completed by the OIPR.

Based on the results of our review, we conclude that the OIPR employed adequate review and edit processes, including appropriate documentation of their procedures.

DATA OWNERS

To understand the requirements for complete and accurate submissions, we reviewed the SUDS Data Dictionary, documentation from SUS data workshops, and BOG Methodology and Procedures applicable to the PBF submissions. The BOG issues annual notices communicating updates for institutional reporting of certain data based on the results of SUS data workshops. Depending on the required changes, the university may need to modify program code. An example of a BOG change might be a requirement that budget carryforward be included in the calculations where it was not included in previous years.

After gaining an understanding of the submission requirements, we reviewed key procedures for each data owner related to the extraction, compilation, and review of their data to ensure completeness and accuracy of the submission. We performed a risk analysis of the metrics reported, taking into consideration changes in internal procedures for extraction, review, and submission processes. We also considered staffing changes, the significant changes in reporting between years, variances in the data reported, and points received. Our risk assessment results led us to focus primarily on the OUR and the OIPR.

The following is a summary of our review and conclusions for each data owner.

Office of University Registrar (OUR)

The Student Records System is the authoritative system of record (master data) for the SIF, SIFP, and SIFD. Metric submissions generated from these records involve graduation, retention, academic progress, and information regarding the programs of strategic emphasis (STEM programs).

The OUR had developed automated quality control checks that determined whether the data was within the BOG-expected parameters and allowed them to review the student data on a daily basis and make corrections, as necessary, prior to the SUDS submission. Data from the Student Records System was provided to the OIPR nightly. The OIPR used this data to develop a daily enrollment tracking system used by administrators across campus, which provided the ability for daily review and communication of student information so that corrections could be identified and made in a timely manner.

We reviewed written procedures with core office staff to determine if there were any significant changes in staffing or the extraction and review processes. The written procedures specifically addressed change management controls processing and review of ad hoc reports, production jobs, and uploads.

The documented procedures indicated that controls for program change management were in place for both Production scheduled jobs and the Ad Hoc generated reports. Access to production libraries were limited to personnel who were authorized to make changes. The SUDS submissions log identified the initiator for each upload and submission. This compensating control limited the risk of an improper submission to an acceptable level and maintained accountability for changes and submissions.

The core office employed good automated continuous monitoring procedures as well as separate layering of reviews to help assure the student data was accurate. We observed conscientious staff performing adequate quality control procedures prior to the final review by the DA.

We tested a random sample of 100 student records from the SIF and SIFD Spring 2015 submissions by tracing them to the system of record to verify the accuracy of key elements identified in the BOG Methodology and Procedures. We found no exceptions for the sampled data elements.

Based on the results of our review, we conclude that the OUR's processes for extraction, review and upload of student data to the SUDS was adequate.

Student Financial Affairs (SFA)

The primary role of SFA is to provide financial resources to students who would otherwise be unable to receive post-secondary education. PBF Metric 7, University Access Rate, was

defined as the percentage of undergraduates with Pell grants. SFA was responsible for compiling information used in the SFA file submission.

We reviewed SFAs documented procedures for data extraction, review and upload, noting any changes since the prior audit including staffing, processing, reporting, uploading, and BOG reporting requirements. SFA had enhanced documented procedures since our prior audit to better identify processes necessary to extract and review the data for completeness and accuracy. Based on the results of our review, SFA employed adequate processes to ensure data accuracy, completeness, and timely creation of the load file.

Chief Financial Officer (CFO)

The PBF Metric 3, Average cost Per Bachelor's Degree, was based on direct and indirect instructional expenditures. The BOG calculated the average cost from the data included in the IRD, EA and OB files.

The Assistant Vice President of University Budgets (AVP) reports to the CFO and has been charged with compiling the OB file. The AVP, with the assistance of Enterprise Systems (ES), creates the OB file by running programs that combine files and information from the general ledger. Prior to the build of the submission file, the AVP runs queries from *myUFL* to better categorize benefit plan expenditures, risk management insurance, and financial aid to meet the BOG's requirements.

We performed a review of controls at the IT and data owner level including edit processes, error correction, data extraction and upload processes. We observed that control procedures were in place to verify the data accuracy, program change management, and reporting consistency. Collectively, those controls helped to ensure data accuracy and completeness, as well as timely operation for creating the load files.

The risk management, student financial aid, and fringe benefit expenses impact the average cost of a bachelor's degree. We reviewed the AVP's revised procedures for preparing the risk management, student financial aid, and fringe benefits expenses submitted in the 2015-2016 OB file on August 17, 2015. The procedures had been updated with the specific amounts used in the data compilations. We verified that the Budget Office used the new SUDS OB error report to ensure that the OB file aligned with the SUDS data. We also observed that the OIPR performed their review and maintained emails with the AVP to document its reviews of questionable items. The AVP provided the certification attesting the accuracy of the data provided.

We concluded that the AVP's procedures and IT controls to compile the OB file data were adequate to provide complete, accurate and timely data for the OB submission.

Office of Institutional Planning and Research (OIPR)

The OIPR was also directly involved with PBF Metric 3, Average cost Per Bachelor's Degree and Metrics 6 and 8a involving programs of strategic emphasis. Metric 3 included information derived from the Effort Reporting System. Metrics 6 and 8a included information from Classification and Instruction tables (CIP Codes). The OIPR had a role in assigning CIP codes, in collaboration with other academic administrators, through the Academic Approval Process and acted as a data owner because they were responsible for compiling and adding this information to the IRD and the EA file submissions.

The IRD files were created by programs developed by ES. The OIPR's role was to ensure that the Effort Reporting System data was complete prior to the IRD file creation. For example, the Effort Reporting System has edits to ensure that faculty time percentages sum to 100%. If this requirement was not met, then there was an error message that had to be cleared.

The SUDS system generates an EA file from the OB and IRD data. The EA file is downloaded and additional programming was used to add the CIP codes to the records on the file. We noted that the process to compile the EA file had not changed from the previous year.

We determined that adequate IT controls were identified in the documented procedures used to create the EA file. Control procedures were in place to verify the accuracy of data, program change management, and data extraction repeatability and consistency. Collectively, those controls helped to ensure data accuracy, completeness, as well as timely operation for creating the load files.

The OIPR had implemented a Review Status (checklist) documenting the appropriate review procedures were completed for the OB, IRD, and the EA files. We also reviewed the OIPR's quality control procedures supported by emails documented in their Data Request System and samples of other supporting documentation. We noted the AVP's Certification of the OB and Review Status form for the IRD file was used to document the performance of the review and status of each quality control step. We observed that the review by OIPR for completeness of the course sections used for the effort reporting was in place. The university also required certification by individuals of the reported amounts for time spent on course instruction, which helped to validate the accuracy of reported instructional effort.

We concluded that adequate processes were in place for the extraction and compilation of the data in the IRD and OB files.

Cost Analysis

The PBF Metric 10f, Total Research Expenditures, was an institutional specific metric selected by the University of Florida BOT. The BOG obtains this information directly from the National Science Foundation's annual Higher Education Research and Development Survey (HERD).

We reviewed updated written procedures with core office staff to determine any significant changes in staffing, extraction and review processes. Specific procedures regarding queries used to generate the research related expenditures and review and submission of the HERD survey was documented.

Cost Analysis was responsible for responding to the NSF HERD survey and had developed queries using general ledger data to identify all university research-related expenses. Tables between the general ledger and the research award system were combined to identify funds, program codes, expense accounts and award codes. Award codes were assigned by the Office of Research when recording the award. Cost Analysis ran a query that pulled the award codes from the award system and matched the award data to the general ledger queries through Access programs to identify research expenditures for the year reported. Prior to running the queries, Cost Analysis staff reviewed the HERD instructions for any changes as well as the university's system for new data sources, funds, or program codes. They also met with the Office of Research to discuss the current year reporting.

Based on our review of written procedures, we concluded that adequate processes were in place to report amounts in the HERD survey.

Center for Measuring University Performance

The Center for Measuring University Performance (the Center) is an independent organization which currently resides at Arizona State University and the University of Massachusetts Amherst, with support from the University of Florida Foundation and the University at Buffalo. The staff and advisors from various universities, including UF, are responsible for compiling and publishing data for universities through their Annual Report of Top American Research Universities (TARU). The data for Metric 9b, Number of Faculty Awards, was compiled by the BOG from the TARU to document the number of faculty awards for UF and FSU.

We interviewed the UF staff member who served as a volunteer of the center and was responsible for compiling some data used in the TARU. Based on this interview and information provided by the Center, the number of faculty awards was compiled by utilizing web-based directories of awarding institutions and agencies. The volunteer was responsible for gathering and compiling the award information from some of the grant and fellowship programs including National Institute of Health MERIT (NIH), National Science Foundation CAREER awards, and the Presidential Early Career Awards for Scientists and Engineers (PECASE). To verify the accuracy of the awards reported we traced the supporting documentation to the web-based directories of the awarding institutions. The number of awards identified in the support was in agreement with the reporting institution. The data collected was placed by our volunteer in a shared drive and compiled by the research director and staff at the University of Buffalo. The remaining processes performed to create the TARU was considered an independent report with objective data for which we determined no further work was necessary.

OTHER COMMENTS

Resubmissions

BOG Regulation 3.007(5)(c) requires that the DA shall prepare and submit a revised data file within the time period specified by the SUS DA, in the event of a rejection of a data file. Resubmissions are typically an iterative process between the BOG, the DA and the data owners to correct data errors identified by the SUDS edit process. Resubmissions may also be necessary in the event the university finds errors in its reporting system or the BOG does not agree with the comments on errors identified in the SUDS review process.

We reviewed the DA's data resubmissions to the BOG to ensure these resubmissions were both necessary, authorized, and were not indicative of any inherent problems in the submission process. The DA provided all resubmissions for the past year and we evaluated all resubmissions that pertained to the PBF metrics through the SUDS system.

Based on the results of our review, resubmissions initiated by the DA were limited to the IRD and EA files during our audit period and did not appear to indicate any inherent problems with the data submission process. Other resubmission of the SIF file was due to limited data errors. The need for the resubmissions at the university did not appear to be a systematic problem and generally consisted of individual data changes that would have no impact on the PBF metrics.

SUDS System Access Control

Data upload and submissions to the BOG were performed through a secure website. The DA was assigned the role of Data Administrator for the SUDS System by the BOG System Administrator. The DA's role was the highest level assignable at the institution and was assigned to only one individual at each SUS institution.

The DA and five other OIPR staff were the only individuals authorized to process submissions. In addition, the DA and two OIPR staff were the only individuals with the ability to create end-user roles and grant access to those that will process their data. Users were also restricted to the submissions they have been authorized by the DA to act upon. Any user could also be designated as a Security Manager, which allowed the user to change passwords and add other users. As of September 2015, there were 50 people with role access, of which three were Security Managers.

Procedures required formal written request for access signed by the supervisor of the requestor. The DA reviews the request and performs the approval in SUDS. Monitoring was performed monthly by comparing changes in university personnel records to the list of users. We observed a September 2015 monitoring report and correspondence between the OIPR staff over the approval and monitoring process. Based on our review we observed that the adequate controls were in place over authorization and monitoring of SUDS access.

General Comment

We wish to express our appreciation to the management and staff of the Office of Institutional Planning and Research, the Office of the Vice President and Chief Financial Officer, Enterprise Systems, the Office of the University Registrar, the Office for Student Financial Affairs, and Cost Analysis for the courtesy and cooperation extended to us during this review.

Audit Supervised by: Joe Cannella

Audit Conducted by: Craig Reed
Jeff Capehart
Lily Reinhart
Emmy Kahn
Brandon Esposito



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Performance Based Funding

Data Integrity Certification

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 | | | | |
|--|--------------------------|--------------------------|--------------------------|---------------------|
| 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 of Governors 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 | | | | |
|--|--------------------------|--------------------------|--------------------------|---------------------|
| 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 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"/> | <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"/> | <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"/> | <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 State | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

Performance Based Funding Data Integrity Certification

| Performance Based Funding Data Integrity Certification Representations | | | | |
|---|-----|----|-----|---------------------|
| Representations | Yes | No | N/A | Comment / Reference |
| 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 _____</p> <p style="margin-left: 40px;">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 _____</p> <p style="margin-left: 40px;">Board of Trustees Chair</p> | | | | |

Board of Governors

Performance Based Funding Metric Definitions

(as reported in the Annual System Accountability Report)

| METRICS COMMON TO ALL UNIVERSITIES | | |
|------------------------------------|--|---|
| | METRIC | DEFINITION |
| 1 | Percent of Bachelor's Graduates Employed Full-time in Florida or Continuing their Education in the U.S. One Year After Graduation | <p>This metric is based on the percentage of a graduating class of bachelor's degree recipients who are employed full-time or continuing their education somewhere in the United States. Students who do not have valid social security numbers and are not enrolled are excluded.</p> <p>Note: This data now includes non-Florida employment data.</p> <p>Sources: <i>State University Database System (SUDS)</i>, <i>Florida Education & Training Placement Information Program (FETPIP)</i>, <i>analysis of Wage Record Interchange System (WRIS2)</i> and <i>Federal Unemployment Data Exchange (FEDES)</i>, and <i>National Student Clearinghouse</i>.</p> |
| 2 | Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year After Graduation | <p>This metric is based on annualized Unemployment Insurance (UI) wage data from the fourth fiscal quarter after graduation for bachelor's recipients. UI wage data does not include individuals who are self-employed, employed out of state, employed by the military or federal government, those without a valid social security number, or making less than minimum wage.</p> <p>Sources: <i>State University Database System (SUDS)</i>, <i>Florida Education & Training Placement Information Program (FETPIP)</i>, <i>National Student Clearinghouse</i>.</p> |
| 3 | Average Cost per Bachelor's Degree <i>Instructional costs to the university</i> | <p>For each of the last four years of data, the annual total undergraduate instructional expenditures were divided by the total fundable student credit hours to create a cost per credit hour for each year. This cost per credit hour was then multiplied by 30 credit hours to derive an average annual cost. The average annual cost for each of the four years was summed to provide an average cost per degree for a baccalaureate degree that requires 120 credit hours.</p> <p>Sources: <i>State University Database System (SUDS)</i>, <i>Expenditure Analysis: Report IV (2010-11 through 2013-14)</i>.</p> |
| 4 | Six Year FTIC Graduation Rate | <p>This metric is based on the percentage of first-time-in-college (FTIC) students who started in the Fall (or summer continuing to Fall) term and had graduated from the same institution within six years. Students of degree programs longer than four years (e.g., PharmD) are included in the cohorts. Students who are active duty military are not included in the data.</p> <p>Source: <i>State University Database System (SUDS)</i>.</p> |
| 5 | Academic Progress Rate <i>2nd Year Retention with GPA Above 2.0</i> | <p>This metric is based on the percentage of first-time-in-college (FTIC) students who started in the Fall (or summer continuing to Fall) term and were enrolled full-time in their first semester and were still enrolled in the same institution during the Fall term following their first year with had a grade point average (GPA) of at least 2.0 at the end of their first year (Fall, Spring, Summer).</p> <p>Source: <i>State University Database System (SUDS)</i>.</p> |

Board of Governors
Performance Based Funding Metric Definitions
(as reported in the Annual System Accountability Report)

| METRICS COMMON TO ALL UNIVERSITIES | | |
|------------------------------------|--|--|
| | METRIC | DEFINITION |
| 6 | Bachelor's Degrees Awarded within Programs of Strategic Emphasis <i>(includes STEM)</i> | This metric is based on the number of baccalaureate degrees awarded within the programs designated by the Board of Governors as 'Programs of Strategic Emphasis'. A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double-majors are included). <i>Source: State University Database System (SUDS).</i> |
| 7 | University Access Rate Percent of Undergraduates with a Pell-grant | This metric is based the number of undergraduates, enrolled during the fall term, who received a Pell-grant during the fall term. Unclassified students, who are not eligible for Pell-grants, were excluded from this metric. <i>Source: State University Database System (SUDS).</i> |
| 8a | Graduate Degrees Awarded within Programs of Strategic Emphasis <i>(includes STEM)</i> <i>Note: NCF does not award graduate degrees.</i> | This metric is based on the number of graduate degrees awarded within the programs designated by the Board of Governors as 'Programs of Strategic Emphasis'. A student who has multiple majors in the subset of targeted Classification of Instruction Program codes will be counted twice (i.e., double-majors are included). <i>Source: State University Database System (SUDS).</i> |
| 8b | Freshmen in Top 10% of High School Class <i>Applies to: NCF</i> | Percent of all degree-seeking, first-time, first-year (freshman) students who had high school class rank within the top 10% of their graduating high school class. <i>Source: New College of Florida.</i> |

Board of Governors
Performance Based Funding Metric Definitions
(as reported in the Annual System Accountability Report)

| INSTITUTION SPECIFIC METRICS SELECTED BY THE BOARD OF GOVERNORS | | |
|--|--|--|
| | METRIC | DEFINITION |
| 9a | Percent of Bachelor's Degrees Without Excess Hours <i>Applies to: FAMU, FAU, FIU, FGCU, UCF, UNF, USF, UWF</i> | <p>This metric is based on the percentage of baccalaureate degrees awarded within 110% of the credit hours required for a degree based on the Board of Governors Academic Program Inventory.</p> <p>Note: It is important to note that the statutory provisions of the "Excess Hour Surcharge" (1009.286, FS) have been modified several times by the Florida Legislature, resulting in a phased-in approach that has created three different cohorts of students with different requirements. The performance funding metric data is based on the latest statutory requirements that mandate 110% of required hours as the threshold. In accordance with statute, this metric excludes the following types of student credits (i.e., accelerated mechanisms, remedial coursework, non-native credit hours that are not used toward the degree, non-native credit hours from failed, incomplete, withdrawn, or repeated courses, credit hours from internship programs, credit hours up to 10 foreign language credit hours, and credit hours earned in military science courses that are part of the Reserve Officers' Training Corps (ROTC) program).</p> <p><i>Source: State University Database System (SUDS).</i></p> |
| 9b | Number of Faculty Awards <i>Applies to: UF, FSU</i> | <p>This metric is based on the number of awards that faculty have earned in the arts, humanities, science, engineering and health fields as reported in the annual 'Top American Research Universities' report. Twenty-three of the most prominent awards are considered, including: Getty Scholars in Residence, Guggenheim Fellows, Howard Hughes Medical Institute Investigators, MacArthur Foundation Fellows, National Endowment for the Humanities (NEH) Fellows, National Medal of Science and National Medal of Technology, Robert Wood Johnson Policy Fellows, Sloan Research Fellows, Woodrow Wilson Fellows, to name a few awards.</p> <p><i>Source: Center for Measuring University Performance, Annual Report of the Top American Research Universities (TARU).</i></p> |
| 9c | National Ranking for Institutional & Program Achievements <i>Applies to: NCF</i> | <p>This metric is based on the number of Top 50 university rankings that NCF earned from the following list of publications: Princeton Review, Fiske Guide, QS World University Ranking, Times Higher Education World University Ranking, Academic Ranking of World University, US News and World Report National University, US News and World Report National Public University, US News and World Report Liberal Arts Colleges, Forbes, Kiplinger, Washington Monthly Liberal Arts Colleges, Washington Monthly National University, and Center for Measuring University Performance.</p> <p><i>Source: Board of Governors staff review.</i></p> |

Board of Governors

Performance Based Funding Metric Definitions

(as reported in the Annual System Accountability Report)

| INSTITUTION SPECIFIC METRICS SELECTED BY EACH UNIVERSITY'S BOARD OF TRUSTEES | | |
|---|---|--|
| 10a | Percent of R&D Expenditures Funded from External Sources <i>Applies to: FAMU</i> | This metric reports the amount of research expenditures that was funded from federal, private industry and other (non-state and non-institutional) sources. <i>Source: National Science Foundation annual survey of Higher Education Research and Development (HERD).</i> |
| 10b | Bachelor's Degrees Awarded to Minorities <i>Applies to: FAU, FGCU, FIU</i> | This metric is the number, or percentage, of baccalaureate degrees granted in an academic year to Non-Hispanic Black and Hispanic students. This metric does not include students classified as Non-Resident Alien or students with a missing race code. <i>Source: State University Database System (SUDS).</i> |
| 10c | National Rank Higher than Predicted by the Financial Resources Ranking Based on U.S. and World News Report <i>Applies to: FSU</i> | This metric is based on the difference between the Financial Resources rank and the overall University rank. U.S. News measures financial resources by using a two-year average spending per student on instruction, research, student services and related educational expenditures - spending on sports, dorms and hospitals doesn't count. <i>Source: US News and World Report's annual National University rankings.</i> |
| 10d | Percent of Undergraduate Seniors Participating in a Research Course <i>Applies to: NCF</i> | This metric is based on the percentage of undergraduate seniors who participate in a research course during their senior year. <i>Source: New College of Florida.</i> |
| 10e | Number of Bachelor Degrees Awarded Annually <i>Applies to: UCF</i> | This metric is the number of baccalaureate degrees granted in an academic year. Students who earned two distinct degrees in the same academic year were counted twice; students who completed multiple majors or tracks were only counted once. <i>Source: State University Database System (SUDS).</i> |
| 10f | Total Research Expenditures <i>Applies to: UF</i> | This metric is the total expenditures (includes non-science & engineering fields) for research & development activities within a given fiscal year. <i>Source: National Science Foundation annual survey of Higher Education Research and Development (HERD).</i> |
| 10g | Percent of Course Sections Offered via Distance and Blended Learning <i>Applies to: UNF</i> | This metric is based on the percentage of course sections classified as having at least 50% of the instruction delivered using some form of technology, when the student and instructor are separated by time or space, or both. <i>Source: State University Database System (SUDS).</i> |
| 10h | Number of Postdoctoral Appointees <i>Applies to: USF</i> | This metric is based on the number of post-doctoral appointees at the beginning of the academic year. A postdoctoral researcher has recently earned a doctoral (or foreign equivalent) degree and has a temporary paid appointment to focus on specialized research/scholarship under the supervision of a senior scholar. <i>Source: National Science Foundation/National Institutes of Health annual Survey of Graduate Students and Postdoctorates in Science and Engineering (GSS).</i> |

Board of Governors
Performance Based Funding Metric Definitions
(as reported in the Annual System Accountability Report)

| | | |
|-----|--|---|
| 10i | Percentage of Adult Undergraduates Enrolled <i>Applies to: UWF</i> | This metric is based on the percentage of undergraduates (enrolled during the fall term) who are at least 25 years old at the time of admission. This includes undergraduates who are not degree-seeking, or unclassified. <i>Source: State University Database System (SUDS).</i> |
|-----|--|---|

| Metric # | Metric Description | Data and Point Assignment (See Note 1) | Allocation Year | |
|----------|--|---|-----------------|-----------|
| | | | 2014-2015 | 2015-2016 |
| 1 | Percent of Bachelor's Graduates Employed Full-time in Florida or Continuing their Education in the U.S. One Year After Graduation (See Note 2) | Excellence Data | 63% | 72% |
| | | Improvement Data | 0% | 5% |
| | | Excellence Points: 5 (80%), 4 (75%), 3 (70%), 2 (65%), 1 (60%) | 2 | 3 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 0 | 5 |
| | | Higher Score | 2 | 5 |
| 2 | Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year After Graduation (See Note 2) | Excellence Data | \$ 33,100 | \$ 34,800 |
| | | Improvement Data | 6% | 5% |
| | | Excellence Points: 5 (\$40,000), 4 (\$35,000), 3 (\$30,000), 2 (\$25,000), 1 (\$20,000) | 3 | 3 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 5 | 5 |
| | | Higher Score | 5 | 5 |
| 3 | Average Cost per Bachelor's Degree - Instructional costs to the university (See Note 2) | Excellence Data | \$ 24,940 | \$ 25,450 |
| | | Improvement Data | 0% | 2% |
| | | Excellence Points: 5 (\$20,600), 4 (\$23,175), 3 (\$25,750), 2 (\$28,325), 1 (\$30,900) | 3 | 3 |
| | | Improvement Points: 5 (-5%), 4 (-4%), 3 (-3%), 2 (-2%), 1 (-1%) | 0 | 0 |
| | | Higher Score | 3 | 3 |
| 4 | Six Year FTIC Graduation Rate - Percent of first-time-In-college students who graduate within six years | Excellence Data | 86% | 87% |
| | | Improvement Data | 1% | 1% |
| | | Excellence Points: 5 (70%), 4 (67.5%), 3 (65%), 2 (62.5%), 1 (60%) | 5 | 5 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 1 | 1 |
| | | Higher Score | 5 | 5 |
| 5 | Academic Progress Rate - 2nd Year Retention with GPA Above 2.0 | Excellence Data | 96% | 95% |
| | | Improvement Data | 1% | -1% |
| | | Excellence Points: 5 (90%), 4 (87.5%), 3 (85%), 2 (82.5%), 1 (80%) | 5 | 5 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 1 | 0 |
| | | Higher Score | 5 | 5 |
| 6 | Percent of Bachelor's Degrees Awarded within Programs of Strategic Emphasis (includes STEM) (See Note) | Excellence Data | 47% | 55% |
| | | Improvement Data | 1% | 3% |
| | | Excellence Points: 5 (50%), 4 (45%), 3 (40%), 2 (35%), 1 (30%) | 4 | 5 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 1 | 3 |
| | | Higher Score | 4 | 5 |
| 7 | University Access Rate - Percent of undergraduates with a Pell-grant (See Note) | Excellence Data | 32% | 32% |
| | | Improvement Data | 0% | -1% |
| | | Excellence Points: 5 (30%), 4 (27.5%), 3 (25%), 2 (22.5%), 1 (20%) | 5 | 5 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 0 | 0 |
| | | Higher Score | 5 | 5 |

| Metric # | Metric Description | Data and Point Assignment (See Note 1) | Allocation Year | |
|----------|---|--|-----------------|-----------|
| | | | 2014-2015 | 2015-2016 |
| 8a | Percent of Graduate Degrees Awarded within Programs of Strategic Emphasis (includes STEM)(See Note) | Excellence Data | 59% | 70% |
| | | Improvement Data | 2% | 1% |
| | | Excellence Points: 5 (60%), 4 (55%), 3 (50%), 2 (45%), 1 (40%) | 5 | 5 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 2 | 1 |
| | | Higher Score | 5 | 5 |
| 9b | Number of Faculty Awards: applies to UF and FSU only | Excellence Data | 18 | 20 |
| | | Improvement Data | -4 | 2 |
| | | Excellence Points: 5 (31), 4 (23), 3 (18), 2 (12), 1 (5) | 3 | 3 |
| | | Improvement Points: 5 (5), 4 (4), 3 (3), 2 (2), 1 (1) | 0 | 2 |
| | | Higher Score | 3 | 3 |
| 10f | Total Research Expenditures: applies to UF only | Excellence Data | 697 M | 695M |
| | | Improvement Data | -43M | -2M |
| | | Excellence Points: 5 (Top 1/3), 3 (Middle 1/3), 1 (Lower 1/3) of Association of American Universities. | 5 | 3 |
| | | Improvement Points: 5 (5%), 4 (4%), 3 (3%), 2 (2%), 1 (1%) | 0 | 0 |
| | | Higher Score | 5 | 3 |
| | | Total Score | 42 | 44 |

Note: (1) Scoring is based on the higher of excellence or improvement.

(2) Description of BOG changes to Metrics 1, 3, 6, 7, and 8a are on subsequent pages.

Board of Governors

Performance Based Funding Model

Changes Approved on November 6, 2014

- Metric 1 (Percent of Bachelor's Graduates Employed and/or Continuing their Education Further 1 Yr after Graduation) - Include graduates in the military and federal government and graduates employed outside of Florida.
 - *Adjustment 1: Data is now available from the Department of Economic Opportunity and Florida Education and Training Placement Information Program (FETPIP) to include military & federal government graduates and graduates employed outside Florida.*
 - *Adjustment 2: Exclude graduates who do not have valid social security numbers if they are not found in the enrollment data.*
 - *Benchmarks will be adjusted to reflect the new system average.*

| | 1 pt | 2 pts | 3 pts | 4 pts | 5 pts |
|-----------------|------|-------|-------|-------|-------|
| Previous | 55% | 60% | 65% | 70% | 75% |
| Revised | 60% | 65% | 70% | 75% | 80% |

- Metric 3 (Average Cost per Undergraduate Degree to Institution) - Modify the benchmark to account for increased costs as additional funds are received.
 - *Adjustment: Adjust the benchmark based on the new system average after reviewing 2013-14 expenditure data.*
 - *Benchmarks adjusted to reflect 3% increase in new system average.*

| | 1 pt | 2 pts | 3 pts | 4 pts | 5 pts |
|-----------------|----------|----------|----------|----------|----------|
| Previous | \$30,000 | \$27,500 | \$25,000 | \$22,500 | \$20,000 |
| Revised | \$30,900 | \$28,325 | \$25,750 | \$23,175 | \$20,600 |

- Metric 6 (Bachelor Degrees in Strategic Emphasis) (Includes STEM) - Modify the definition to reflect the inclusion of other degrees in Areas of Strategic Emphasis as approved by the Board of Governors November 2013.
 - *Adjustment: In November 2013, the Board approved a new list of strategic emphasis programs. This change aligns the PBF metric to the new categories for degrees awarded in Programs of Strategic Emphasis. The revised list includes: 113 disciplines within STEM, 46 disciplines within Health, 34 disciplines within Education, 24 disciplines within Global Competitiveness, and 10 disciplines identified in the GAP Analysis (i.e. finance, accounting, banking, human resources).*
 - *The Board is not considering changing the 2025 goal for this metric in the System Strategic Plan, so the benchmark does not need to be adjusted.*

Board of Governors

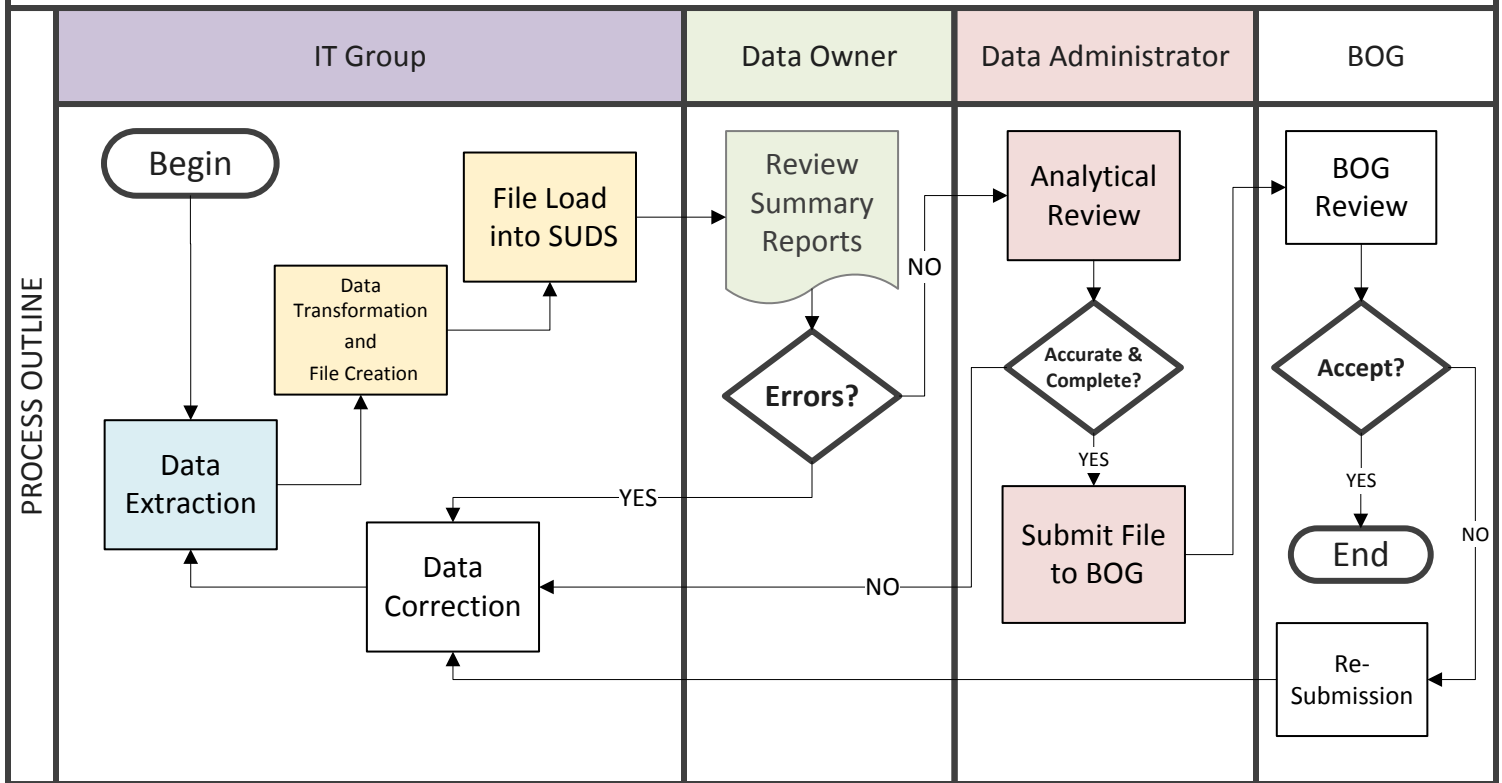
Performance Based Funding Model

Changes Approved on November 6, 2014

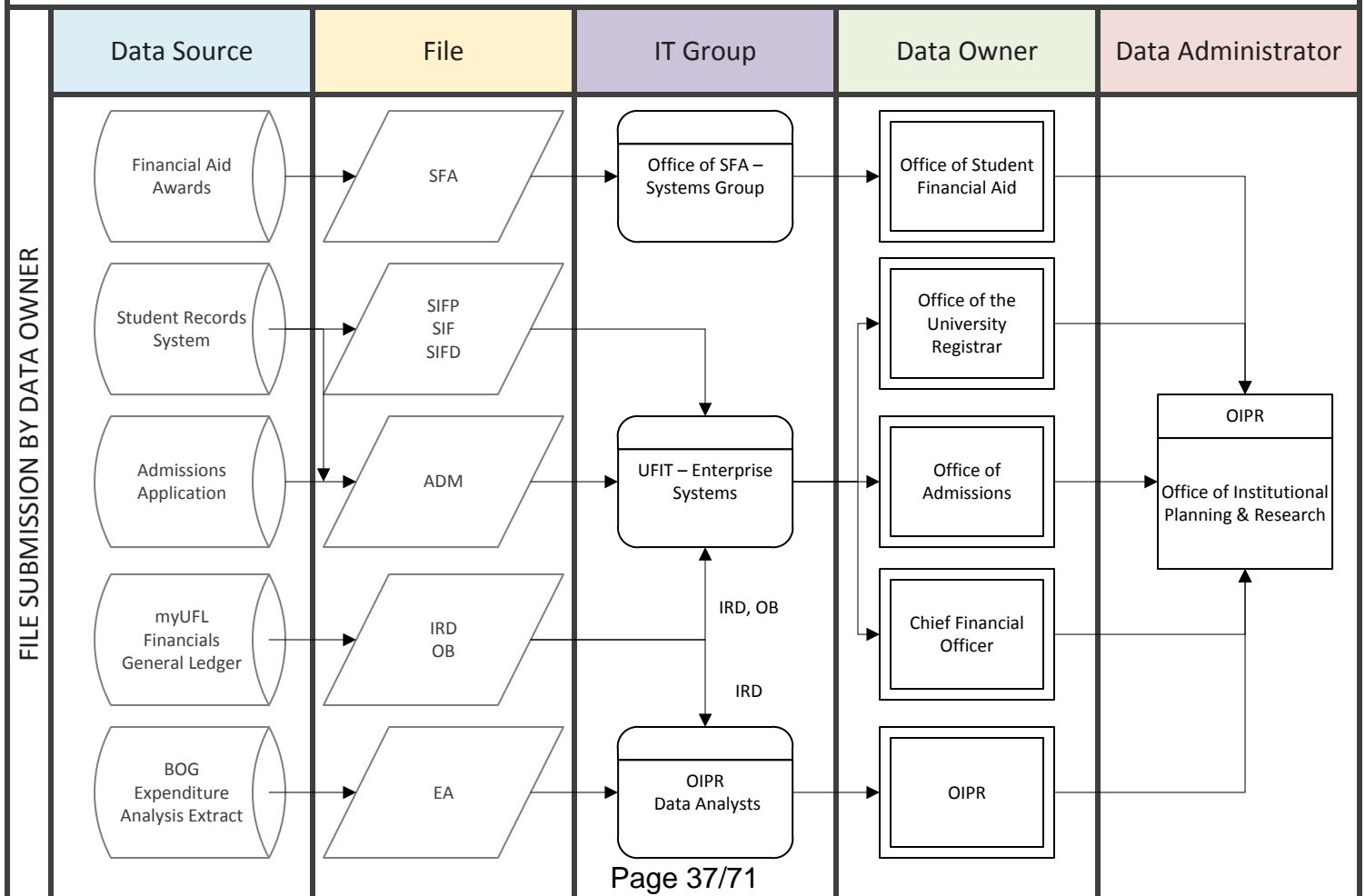
- Metric 7 (University Access Rate) - Exclude non-US students since they are not eligible for Pell Grants.
 - *Adjustment: Non-US students shall be removed from both the numerator and denominator because they typically are not eligible for Pell grants.*
 - *Note: A small percentage of non-US students do receive a Pell grant but these are for special circumstances as detailed by the US Dept of Education – for more information see: <https://studentaid.ed.gov/eligibility/non-us-citizens>.*
 - *The benchmarks reflect the Board's Strategic Plan, so the benchmark does not need to be adjusted.*
- Metric 8a (Graduate Degrees in Strategic Emphasis) (Includes STEM) - Modify the definition and benchmarks to reflect the inclusion of other degrees in Areas of Strategic Emphasis as approved by the Board of Governors November 2013.
 - *Adjustment: In November 2013, the Board approved a new list of strategic emphasis programs. This change aligns the PBF metric to the new categories for degrees awarded in Programs of Strategic Emphasis. The revised list includes: 113 disciplines within STEM, 46 disciplines within Health, 34 disciplines within Education, and 24 disciplines within Global Competitiveness.*
 - *The Board is considering changing the 2025 goal for this metric in the System Strategic Plan, so the benchmark does need to be adjusted.*

| | 1 pt | 2 pts | 3 pts | 4 pts | 5 pts |
|----------|------|-------|-------|-------|-------|
| Previous | 30% | 35% | 40% | 45% | 50% |
| Revised | 40% | 45% | 50% | 55% | 60% |

Overview of the University SUDS Submission Data & Process Flows



Data Flow by Owner



Office of the Provost
and Senior Vice President

235 Tigert Hall
PO Box 113175
Gainesville, FL 32611-3175
352-392-2404 Tel
352-392-8735 Fax

November 3, 2015

Audit Committee
University of Florida Board of Trustees
Room 217
903 W University Ave

Dear Audit Committee:

I am writing to acknowledge and accept the report *Performance Based Funding – Data Integrity* issued by the University of Florida Office of Internal Audit in response to a BOG requirement. I had the opportunity to meet and discuss the audit with Chief Audit Executive Brian Mikell on November 3, 2015.

I would like to thank him and his staff for their careful attention to this process.

Sincerely yours,



Joseph Glover
Provost and Senior Vice President for Academic Affairs

JG/cdm

Office of the Provost
and Senior Vice President

235 Tigert Hall
PO Box 113175
Gainesville, FL 32611-3175
352-392-2404 Tel
352-392-8735 Fax

November 3, 2015

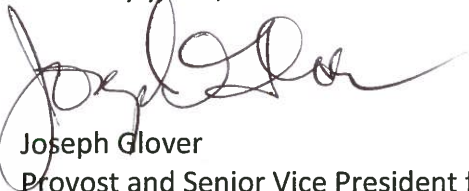
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Sincerely yours,



Joseph Glover
Provost and Senior Vice President for Academic Affairs

JG/cdm

Audit Summary

Travel, Entertainment and Employee Reimbursements
As of September 30, 2014

Audit Report # UF-15-656-10
Issued July 6, 2015

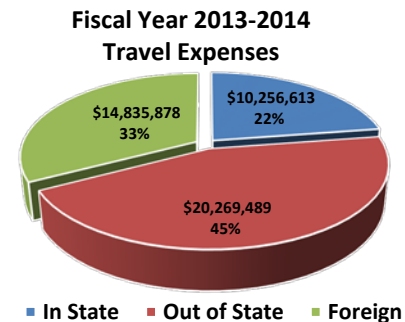
Objective:

The Office of Internal Audit conducted an audit of University of Florida travel, entertainment and employee reimbursements as of September 30, 2014. The objectives of this audit were to determine if controls and processes in place were adequate to promote compliance with university directives and procedures, including monitoring travel advances. We also sought to identify and evaluate any controls in place to detect duplicate payments.

Background:

Travel expenses for the 2013-2014 fiscal year totaled \$45.4 million. Included in these expenses were travel related reimbursements totaling \$30.5 million.

Travel and employee reimbursements are processed through the Travel and Expenses module in the *myUFL* system. Transactions are initiated by the traveler or their unit processor. Travel for conferences and conventions, as well as international travel, required the completion of a Travel Authorization (TA). Transactions were generally reviewed and approved at the unit level through electronic workflow within *myUFL*. The decentralized processing environment increased the risk of errors, which were mitigated through extensive monitoring provided by the University of Florida Travel Office (Travel Office). The Travel Office operated within the Office of the Vice President and Chief Financial Officer, under the direct supervision of the Associate Controller for University Disbursement Services



Conclusion:

We identified and evaluated the university's controls over reimbursements and travel advances processed through the Travel and Expenses module by reviewing written guidance and evaluating processes at the unit and core office levels. We also performed tests of transactions to evaluate the effectiveness of these controls and the level of compliance with university directives.

Based on the results of our audit procedures, we concluded that administrative controls in place, relative to travel and employee reimbursable expenses, were adequate to promote monitoring and compliance with applicable directives and procedures. While we concluded that adequate controls were in place and functioning as designed, management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ The Travel Office will **develop procedures to enhance follow up** with units.
- ◆ Finance and Accounting **Directives and Procedures were revised for consistency** and inclusion of the **requirement to register foreign travel** with the UF International Center. This requirement **will be communicated to campus through the travel listserv**.
- ◆ **Directives and Procedures will be revised and communicated**, as necessary, to encourage employees to **utilize preferred procurement mechanisms** that are most beneficial to the university.

Audit Summary

Citrus Research and Development Foundation, Inc.
As of January 31, 2015

Audit Report # UF-15-647-01
Issued July 24, 2015

Objective:

The Office of Internal Audit conducted an audit of the Citrus Research and Development Foundation, Inc. as of January 31, 2015. The primary objective of this audit was to evaluate effectiveness of controls and procedures over the administration of citrus research focusing on award processes, product development and fiscal oversight.

Background:

The National Research Council of the National Academies of Science recommended that one organization be identified and empowered to have oversight responsibility over research and development efforts in the area of citrus greening, a disease that is threatening the economic viability of the citrus industry in Florida. The Citrus Research and Development Foundation, Inc. (Foundation), a public-private partnership and a direct-support organization of the University of Florida, was established in May 2009 with a mission to advance disease and production research and product development activities to insure the survival and competitiveness of Florida's citrus growers.

The Foundation was governed by a 13 member Board of Directors that included individuals from industry, academia, and government. The Foundation solicits, requests, coordinates and monitors research projects through funding provided by state appropriations, the Florida Department of Citrus, the Florida Department of Agriculture and Consumer Services, the U.S. Department of Agriculture and private entities. The University of Florida provided the Foundation with administrative support, legal services, research development activities and office space. For the 2013-2014 fiscal year, Foundation received total revenues of \$17.7 million and incurred expenditures, mostly contract payments to research entities, totaling \$16 million.

Conclusion:

We identified and evaluated the effectiveness of the Foundation's controls and procedures over the administration of citrus research by observation, conducting employee interviews and process walkthroughs, and performing tests of transactions.

Based on the results of our audit procedures, we concluded that controls over Foundation's key administrative processes were adequate. While our conclusion indicated that controls were in place and functioning as designed, University and Foundation management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ **Develop a formalized risk assessment and management process** relative to the organizational goals and objectives
- ◆ **Enhance the strategic planning process**
- ◆ **Improve and communicate policies and procedures** for administrative and programmatic processes
- ◆ **Enhance reporting of research performance**
- ◆ **Enhance compliance with Foundation conflict of interest policy**

Audit Summary

Foundation Endowed Restricted Gifts
January 1, 2014 to December 31, 2014

Audit Report # UF-15-662-16.1
Issued October 8, 2015

Objective:

The Office of Internal Audit conducted an audit of the University of Florida Foundation endowed restricted gift funds for the period January 1, 2014 through December 31, 2014. The primary objectives of this audit were to evaluate controls to determine if university units used the funds in accordance with donor intent, foundation policies and university directives; that donor intent was adequately communicated to university units; and that transfers of endowed restricted funds to the university were deposited intact and processed through appropriate channels.

Background:

The University of Florida Foundation is a direct support organization of the University of Florida created under the authority of Section 1004.28, Florida Statutes, and is a non-profit 501(c)(3) organization, established to support and enhance the university by encouraging private donations. The foundation's policy is to honor the donor's stated purpose for the use of the specified gift.

Foundation endowed funds were categorized by restricted purpose such as professorships/chairs, scholarships and student loans, research, eminent scholar chair, fellowships and various other categories. The funds are established within the foundation and administered by specific university units. Foundation endowed restricted fund transfers to the university during the 2014 calendar year totaled approximately \$114 million, a 350 percent increase over the prior year. The large increase was due to the foundation transferring all spendable cash balances to the university in coordination with the university's investable cash consolidation strategy. Total disbursements by university units from endowed restricted funds during the 2014 calendar year totaled approximately \$32 million, which was in line with disbursements in the prior year.

Conclusion:

We reviewed a total of 70 endowed restricted funds that had activity in calendar year 2014. We reviewed the total transaction history for the review period for all 70 funds. For 364 disbursements from the 70 funds, we performed a detailed review of various attributes, including compliance with donor intent.

Based on the results of our audit procedures, we concluded that controls over the endowed restricted gifts key administrative processes were adequate to promote compliance with donor intent. While we concluded that controls were in place and functioning as designed, foundation management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ The **Office of Internal Audit issued management letters** to appropriate units and oversight personnel detailing specific issues related to **compliance with donor restrictions and foundation directives**
- ◆ The **foundation will follow-up** with the units as appropriate

Audit Summary

Foundation Non-Endowed Restricted Gifts
January 1, 2014 to December 31, 2014

Audit Report # UF-15-662-16.2
Issued October 8, 2015

Objective:

The Office of Internal Audit conducted an audit of the University of Florida Foundation non-endowed restricted gift funds for the period January 1, 2014 through December 31, 2014. The primary objectives of this audit were to evaluate controls to determine if university units used non-endowed restricted funds in accordance with donor intent, foundation policies and university directives; that donor intent was adequately communicated to university units; and that transfers of non-endowed restricted funds to the university were deposited intact and processed through appropriate channels.

Background:

The University of Florida Foundation is a direct support organization of the University of Florida created under the authority of Section 1004.28, Florida Statutes, and is a non-profit 501(c)(3) organization, established to support and enhance the university by encouraging private donations. The foundation's policy is to honor the donor's stated purpose for the use of the specified gift.

Foundation non-endowed funds were categorized by restricted purpose such as specific department/program; research; scholarships and student loans; building, equipment and renovation; and various other categories. The funds are established within the foundation and administered by specific university units. Foundation non-endowed restricted fund transfers to the university during the 2014 calendar year totaled approximately \$109 million, a 300 percent increase over the prior year. The large increase was due to the foundation transferring all spendable cash balances to the university in coordination with the university's investable cash consolidation strategy. Total disbursements by university units from non-endowed restricted funds during 2014 calendar year were approximately \$34 million.

Conclusion:

These funds were established as eminent scholar, professorship, scholarship, fellowship, research, and "other" funds. We reviewed the total transaction histories for 30 selected funds during the review period and then selected 165 disbursements to perform a detailed review of various attributes, including the use of the funds in accordance with donor intent.

Based on the results of our audit procedures, we concluded that controls over the non-endowed restricted gifts key administrative processes were adequate to promote compliance with donor intent. While we concluded that controls were in place and functioning as designed, foundation management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ The **Office of Internal Audit issued management letters** to appropriate units and oversight personnel detailing specific issues related to **compliance with donor restrictions and foundation directives**
- ◆ The **foundation will provide guidance to fund administrators** regarding documentation of the transactional business purpose

Audit Summary

President's Travel and Entertainment Expenses
January 1, 2015 to June 30, 2015

Audit Report # UF-16-670-07
Issued November 9, 2015

Objective:

The Office of Internal Audit conducted an audit of the travel and entertainment expenses for the president and his spouse for the period January 1, 2015 through June 30, 2015. The objectives of this audit were to evaluate that expenses were appropriately documented and amounts paid were within the prescribed limits; that expenses were for official business and benefited the university; and that expenses were processed in accordance with the university directives, policies and procedures.

Background:

The president's employment agreement allows for the incurrence of reasonable business, travel and entertainment expenses for the president and his spouse, in his official capacity as President of the University of Florida. The agreement further provides that these expenses shall be reviewed at least every six months, by two members of the Board of Trustees or by an external expert, as designated by the Chair of the Board.

To comply with the employment agreement, the Chair elected to have two Board members review the President's expenses after records supporting those expenses have been audited by the university's Office of Internal Audit. The two Board members selected for this review are the Board Vice-Chair and the Chair of the Committee on Audit and Operations Review.

Conclusion:

For the six month period reviewed, President Fuchs incurred travel and entertainment expenses totaling \$16,693. These expenses included commercial airfare, use of University Athletic Association planes, lodging, meals, ground transportation, various fees and entertainment. We performed a detailed review of the transactions by examining the supporting documents to ascertain that the expenditures incurred were for official university business and the amounts reimbursed were in accordance with university directives and procedures.

Based on the results of our audit procedures, we concluded that Dr. Fuchs' travel and entertainment expenses, for the period of January 1, 2015 through June 30, 2015, were **reasonable, appropriate and processed in accordance with the university directives, policies and procedures**. A detailed schedule of these expenses was provided to the designated Board members, who provided **signed statements certifying that the president's expenses were reasonable** and in accordance with university's requirements

Audit Summary

University Athletic Association Controls Assessment
As of December 31, 2014

Audit Report # UF-14-647-16
Issued June 12, 2015

Objective:

The Office of Internal Audit conducted an audit of the University Athletic Association's (UAA) internal control systems as of December 31, 2014. The primary objective of this audit was to develop an understanding and assessment of unit control procedures related to key activities. Control procedures were evaluated based on five interrelated components: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring.

Background:

Internal controls promote the achievement of efficient and effective operations, accuracy of reporting, and compliance with laws and regulations. The UAA's fiscal and administrative structure includes aspects of both a centralized and a decentralized model. Within this structure, central process owners and department heads are responsible for establishing procedures that provide reasonable assurance that appropriate internal controls are in place to promote the achievement of goals and objectives. Information related to management's expectations must be effectively communicated to employees throughout the organization so that they understand their responsibilities. In such a decentralized environment, there is a great need for support staff and unit management to be knowledgeable about operations and applicable laws and regulations.

Conclusion:

We developed two Control Self-Assessment (CSA) surveys to assist the UAA management with an evaluation of the effectiveness of its internal controls. The purpose of these surveys was to evaluate business processes and identify the existence of actual or perceived weaknesses and risk. One survey was sent to unit managers to evaluate the internal controls at the unit/department level while a second survey was sent to all other employees to assess their familiarity and understanding of those controls. We analyzed the survey responses and evaluated them with management to identify the strengths and weaknesses of controls exhibited within individual departments and for the UAA as a whole. We also conducted process walk-throughs, reviewed written policies, and performed testing to validate the effectiveness of key controls.

Based on the results of our audit procedures, we concluded that the established internal controls and effectiveness of communication to employees were generally adequate. While our conclusion indicated that controls were in place and generally functioning as designed, UAA management and the audit team agreed on the following action plan to address noted improvement opportunities:

Actions:

- ◆ Utilizing feedback from the CSA surveys, UAA management will, through various communication and training mechanisms, **enhance employee's knowledge and awareness of certain noted policies and procedures.**

Audit Summary

University Athletic Association Financial Aid and Scholarships
As of January 31, 2015

Audit Report # UF-15-658-12
Issued June 12, 2015

Objective:

The Office of Internal Audit conducted an audit of the UAA student-athlete scholarships as of January 31, 2015. The primary objective of this audit was to evaluate the key controls in place to promote compliance with the National College Athletic Association (NCAA) and Southeastern Conference (SEC) requirements for student-athlete scholarships and financial aid. Specifically, we focused on communication of data between the key processing areas; student-athlete financial aid eligibility and limits; disbursements; team scholarship limitations; submission of squad lists to the SEC; and student-athlete financial disclosures.

Background:

The University Athletic Association (UAA) is a Direct Support Organization of the University of Florida created pursuant to Chapter 1004.28, Florida Statutes. The UAA was organized in 1929 for the purpose of conducting various intercollegiate athletic programs for and on behalf of the university.

Compliance with the NCAA, SEC and university rules related to scholarships and financial aid is the responsibility of the Athletic Director. Operationally, compliance was jointly carried out by the UAA Associate Director of Compliance, the UAA Office of Student Life, the UAA Controller's office, and the University of Florida Student Financial Affairs. During the 2013-2014 academic year, the UAA disbursed athletic scholarships to 412 individual student-athletes totaling \$8,597,957.

Conclusion:

Compliance with the NCAA regulations in regard to financial aid provided to student-athletes requires an internal control structure that fosters efficient communication between multiple UAA and university units, involving several different information systems. We obtained an understanding of the control structure and processes in place and performed audit tests to evaluate the effectiveness of key controls.

Based on the results of our audit procedures, we concluded that controls over the key administrative processes in place to promote compliance with the NCAA and SEC requirements for student-athlete scholarships and financial aid were generally adequate. Our conclusion indicated that controls were in place and generally functioning as designed.

Audit Summary

University of Florida Alumni Association – Gator Clubs
As of June 30, 2014

Audit Report # UF-15-660-14
Issued June 12, 2015

Objective:

The Office of Internal Audit conducted an audit of the University of Florida Alumni Association (UFAA) Gator Clubs as of June 30, 2014. The primary objective of this audit was to evaluate the effectiveness of controls and procedures in place for managing the UFAA Gator Clubs. Specifically, we focused on Gator Club scholarship funds, year-end reporting, membership dues rebates, and risky event procedures.

Background:

The Gator Clubs are affiliated organizations of the UFAA and exist to support both the Alumni Association and the University of Florida. The clubs consist of alumni, parents and friends of the University of Florida, and exist as non-profit organizations under the corporate umbrella of the UFAA operating exclusively for educational and charitable purposes.

As of March 24, 2015 there were 88 active Gator Clubs throughout the United States, with 38 clubs residing in the state of Florida. Each club belonged to one of nine regions across the country. Each region had a volunteer regional vice president (RVP) that worked collaboratively in an advisory capacity with UFAA staff to help manage the Gator Clubs.

Conclusion:

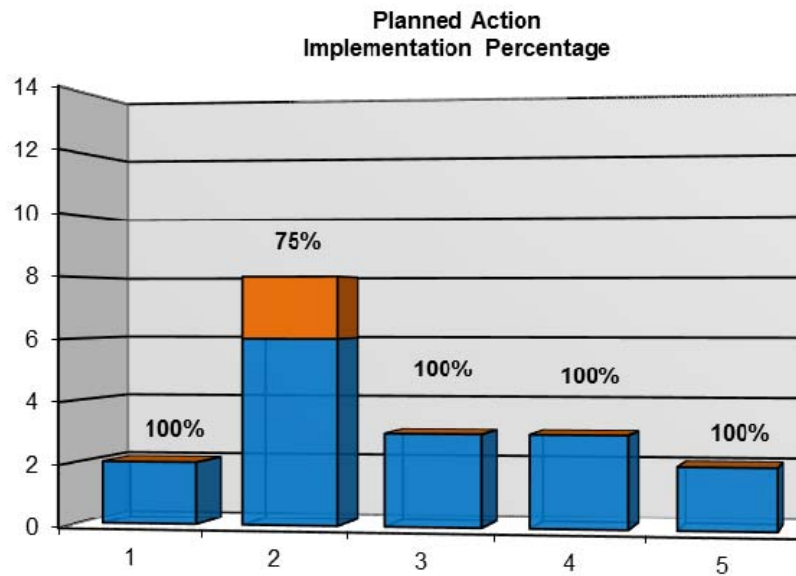
We identified and evaluated the key internal controls in place to promote efficient and effective management of the Gator Clubs by conducting personnel interviews, process walkthroughs, tests of transactions, and a survey of the RVPs of the Gator Clubs.

Based on the results of our audit procedures, we concluded that controls in place at the UFAA related to the management of the Gator Clubs were generally adequate. While we concluded that controls were in place and generally functioning as designed, UFAA management and the audit team agreed on the following action plans to address noted improvement opportunities:

Actions:

- ◆ Management will **enhance guidance** in the Gator Club Leader Handbook related to **identifying and planning for risky events**
- ◆ Management will **improve documentation of attendance at Gator Clubs' training sessions**
- ◆ Management will **develop a web based training module** addressing risky events

**University of Florida Office of Internal Audit
Follow-up Statistics as of September 30, 2015
(First Quarter)**



- | | |
|------------------------------|------------------|
| 1. Academic Affairs | 4. UAA |
| 2. Chief Financial Officer | 5. UF Foundation |
| 3. Chief Information Officer | |

| Oversight by | Total | Balance | Current Quarter Statistics | | | | |
|---------------------------|-----------------------------|----------------------------|----------------------------|-------------|-----------------------|------------------|---------------------|
| | Outstanding as of 9/30/2015 | Due in Subsequent Quarters | Follow Up Due and Reviewed | Implemented | In process (extended) | Follow Up Ceased | Percent Implemented |
| Academic Affairs | 2 | - | 2 | 2 | - | - | 100% |
| Chief Financial Officer | 10 | 2 | 8 | 6 | 2 | - | 75% |
| Chief Information Officer | 5 | 2 | 3 | 3 | - | - | 100% |
| IFAS | 7 | 7 | - | - | - | - | N/A |
| Athletic Association | 5 | 2 | 3 | 3 | - | - | 100% |
| UF Foundation | 40 | 38 | 2 | 2 | - | - | 100% |
| Totals | 69 | 51 | 18 | 16 | 2 | - | 89% |

**University of Florida Office of Internal Audit
Summary of Significant Comments and Follow-up Ceased
Period ending September 30, 2015**

The following comments for this period were noted as significant based on the report issued, or we have ceased follow-up after two attempts.

MATERIAL AND SUPPLY FEES AND EQUIPMENT USE FEES, UF-14-636-05, ISSUED JUNE 30, 2014

COMMENT 1 – REVIEW AND UPDATE OF EXISTING FEES: The University Budget Office launched an eForm system in 2009, which utilized electronic workflow to allow units to submit new and updated fee proposals to the college dean's office and the Office of Academic Affairs for review and approval. Per Administrative Memos issued by the University Budget Office, existing fees (M&S Fees and EU Fees) should be reviewed by university units to determine if units are charging the appropriate fee to cover the resources needed.

In our testing with potentially high risk units we identified some units did not have adequate procedures to regularly review their existing fees and the system default was to allow fees to roll forward each semester without requiring any action to confirm they were still accurate. Some units stated they did not have the resources to effectively review their large number of fees each semester especially considering the manual process to review the documentation within the eForm module.

The Budget Office stated they would work with Enterprise Systems to enhance the reporting capability of the system. A formal fee recertification process for colleges or units to recertify their existing fees each semester will be explored and considered for implementation. The Budget Office planned to enhance policies requiring units to review and certify their existing course fees each semester through the use of this recertification process. The Budget Office would also review the associated fees for those units having inadequate procedures noted in the report to determine if any fee balances should be adjusted.

The Budget Office, with the help of Enterprise Systems, has developed queries that allow units to view their active M&S and EU fees for a given semester as well as the details associated with the eForms, allowing for a full review of their current fees. The queries have been communicated to the users via listserv as well as information relating to the roles they need to access the queries. A policy has been developed and communicated to users that requires them to view their current fees, make necessary changes to them, and document their review each semester effective for the summer semester 2015. Units are now required to complete this on an annual basis. The Budget Office completed its review of associated fees for those units identified during the audit as having inadequate procedures and made any necessary adjustments.

The Budget Office is still working with Enterprise Systems to incorporate a more efficient fee re-certification process within the system. **Implemented.**

**University of Florida Office of Internal Audit
Summary of Significant Comments and Follow-up Ceased
Period ending September 30, 2015**

UNIVERSITY OF FLORIDA ALUMNI ASSOCIATION GATOR CLUBS, UF-15-660-14, ISSUED JUNE 30, 2014

COMMENT 1 – COMMUNICATION OF RISKY EVENT PROCEDURES AND LIABILITY INSURANCE: Best practices regarding how to identify a risky club event, how to determine which events require liability insurance, and how to obtain the required additional liability insurance should be developed and communicated to the Gator Clubs.

The survey responses from six of the Regional Vice Presidents noted clubs did not know how to identify which events were risky enough to require additional liability insurance, or clubs were not aware how to obtain additional liability insurance.

Management has developed procedures related to risky events and communicated the information with the Gator Club Officers and Directors. The established procedure is also available for reference in the Document Library of the Gator Club Administrative Site. **Implemented.**

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

| | Fiscal Year Ended | Auditors' Opinion on Financial Statements | Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters | | | | Management Letter Comments? |
|---|-------------------|--|---|--|--|---|---|
| | | | Instances of Noncompliance? | Control Deficiencies? | Control Deficiencies Significant? | Control Deficiencies Considered Material Weaknesses? | |
| DIRECT-SUPPORT ORGANIZATIONS | | | | | | | |
| 1. University of Florida Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 2. University of Florida Research Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 3. The University Athletic Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | Yes |
| 4. Gator Boosters, Inc. | June 30, 2015 | Unmodified | No | No | No | No | Yes |
| 5. The University of Florida Law Center Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 6. Florida Foundation Seed Producers, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 7. Florida 4-H Club Foundation, Inc. | March 31, 2015 | Unmodified | No | No | No | No | Yes |
| 8. Southwest Florida Research and Education Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 9. Citrus Research and Education Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 10. Citrus Research and Development Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 11. University of Florida Leadership & Education Foundation, Inc. | December 31, 2014 | Unmodified | No | No | No | No | No |
| 12. Treasure Coast Agricultural Research Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 13. University of Florida Alumni Association, Inc. | June 30, 2015 | (1) | (1) | (1) | (1) | (1) | (1) |
| 14. University of Florida Investment Corporation | June 30, 2015 | Unmodified | No | No | No | No | No |
| 15. University of Florida Historic St. Augustine (2) | June 30, 2015 | | | | | | |
| 16. University of Florida Development Corporation (2) | June 30, 2015 | | | | | | |
| 17. GatorCare Health Management Corporation | June 30, 2015 | Unmodified | No | No | No | No | Yes |
| HEALTH SCIENCE CENTER AFFILIATES | | | | | | | |
| 1. Florida Clinical Practice Association, Inc. (College of Medicine) | June 30, 2015 | Unmodified | No | No | No | No | No |
| 2. University of Florida Jacksonville Physicians, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 3. Faculty Associates, Inc. (College of Dentistry) | June 30, 2015 | Unmodified | No | No | No | No | No |
| 4. Florida Health Professions Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 5. University of Florida College of Nursing Faculty Practice Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | Yes |
| 6. University of Florida College of Pharmacy Faculty Practice Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 7. Florida Veterinary Medicine Faculty Association, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 8. University of Florida Jacksonville Healthcare, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 9. Faculty Clinic, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| OTHER AFFILIATED ORGANIZATIONS | | | | | | | |
| 1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries | June 30, 2015 | Unmodified | No | No | No | No | No |
| 2. Shands Jacksonville Healthcare, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| 3. University of Florida Self-Insurance Program (Including HEIC) | June 30, 2015 | Unmodified | No | No | No | No | No |
| | | | | | | | |
| | Year Ended | Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Awards Program and/or State Financial Assistance Project and Schedule of Expenditures of Federal Awards (As Applicable) | | | | | |
| | | Opinion | Report on Compliance - Instances of Non-Compliance? | Report on Internal Control Over Compliance - Control Deficiencies? | Report on Internal Control Over Compliance - Deficiencies Significant? | Report on Internal Control Over Compliance - Deficiencies Considered Material Weaknesses? | Other Findings and/or Questioned Costs? |
| AFFILIATED ORGANIZATION | | | | | | | |
| University of Florida Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| Citrus Research and Development Foundation, Inc. | June 30, 2015 | Unmodified | No | No | No | No | No |
| Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (3) | June 30, 2015 | Unmodified | | | | | |
| Shands Jacksonville Healthcare, Inc. (3) | June 30, 2015 | Unmodified | | | | | |

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

(2) Audited Financial Statements not yet available.

(3) The Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters and the Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Awards Program and/or State Financial Assistance Project and Schedule of Expenditures of Federal Awards (As Applicable) are not yet available.

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

| | Control Deficiencies and/or Management Comments 2014? | Control Deficiencies and/or Management Comments 2015? | Repeat Finding(s) from Prior Year? | Summary of Repeat Finding(s) |
|---|---|---|--|---|
| DIRECT SUPPORT ORGANIZATIONS | | | | |
| 1. University of Florida Foundation, Inc. | No | No | N/A | |
| 2. University of Florida Research Foundation, Inc. | No | No | N/A | |
| 3. The University Athletic Association, Inc. | Yes | Yes | Yes | Seat contributions below required minimum |
| 4. Gator Boosters, Inc. | Yes | Yes | Yes | Seat contributions below required minimum |
| 5. The University of Florida Law Center Association, Inc. | No | No | N/A | |
| 6. Florida Foundation Seed Producers, Inc. | Yes | No | N/A | |
| 7. Florida 4-H Club Foundation, Inc. | No | Yes | N/A | |
| 8. Southwest Florida Research and Education Foundation, Inc. | No | No | N/A | |
| 9. Citrus Research and Education Foundation, Inc. | No | No | N/A | |
| 10. Citrus Research and Development Foundation, Inc. | No | No | N/A | |
| 11. University of Florida Leadership & Education Foundation, Inc. | No | No | N/A | |
| 12. Treasure Coast Agricultural Research Foundation, Inc. | No | No | N/A | |
| 13. University of Florida Alumni Association, Inc. | (1) | (1) | (1) | (1) |
| 14. University of Florida Investment Corporation | No | No | N/A | |
| 15. University of Florida Historic St. Augustine (2) | No | | | |
| 16. University of Florida Development Corporation (2) | No | | | |
| 17. GatorCare Health Management Corporation | No | Yes | N/A | |
| HEALTH SCIENCE CENTER AFFILIATES | | | | |
| 1. Florida Clinical Practice Association, Inc. (College of Medicine) | No | No | N/A | |
| 2. University of Florida Jacksonville Physicians, Inc. | No | No | N/A | |
| 3. Faculty Associates, Inc. (College of Dentistry) | Yes | No | N/A | |
| 4. Florida Health Professions Association, Inc. | No | No | N/A | |
| 5. University of Florida College of Nursing Faculty Practice Association, Inc. | Yes | Yes | N/A | |
| 6. University of Florida College of Pharmacy Faculty Practice Association, Inc. | No | No | N/A | |
| 7. Florida Veterinary Medicine Faculty Association, Inc. | No | No | N/A | |
| 8. University of Florida Jacksonville Healthcare, Inc. | No | No | N/A | |
| 9. Faculty Clinic, Inc. | No | No | N/A | |
| OTHER AFFILIATED ORGANIZATIONS | | | | |
| 1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries | No | No | N/A | |
| 2. Shands Jacksonville Healthcare, Inc. | Yes | No | N/A | |
| 3. University of Florida Self-Insurance Program (Including HEIC) | No | No | N/A | |

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

(2) Audited Financial Statements not yet available.

UNIVERSITY OF FLORIDA
SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS
Year Ended 2015

| | Fiscal Year Ended | Net Position or Fund Equity EOY per PY's FS | Net Position or Fund Equity Beginning of Year (As Restated If Applicable) | Year Ended 2015 | | Net Position or Fund Equity End of Year | Fiscal Year Totals | | |
|---|-------------------|---|--|---------------------------------------|---|--|---------------------------------------|--|---|
| | | | | Total Assets and Deferred Outflows | Total Liabilities and Deferred Inflows | | Total Revenues and Other Additions | Total Expenses and Other Deductions | Change in Net Position (Increase/(Decrease)) |
| DIRECT-SUPPORT ORGANIZATIONS | | | | | | | | | |
| 1. University of Florida Foundation, Inc. | June 30, 2015 | 1,903,073,667 | 1,903,073,667 | 1,860,569,309 | 96,964,697 | 1,763,604,612 | 189,743,626 | 329,212,681 | (139,469,055) |
| 2. University of Florida Research Foundation, Inc. | June 30, 2015 | 103,378,781 | 103,378,781 | 120,555,609 | 25,840,181 | 94,715,428 | 28,138,835 | 36,802,188 | (8,663,353) |
| 3. The University Athletic Association, Inc. | June 30, 2015 | 152,810,942 | 152,810,942 | 316,869,377 | 151,748,973 | 165,120,404 | 149,892,133 | 137,582,671 | 12,309,462 |
| 4. Gator Boosters, Inc. | June 30, 2015 | 995,197 | 995,197 | 13,563,363 | 15,495,317 | 1,004,729 | 55,399,256 | 55,389,724 | 9,532 |
| 5. The University of Florida Law Center Association, Inc. | June 30, 2015 | 7,023,750 | 7,023,750 | 7,186,257 | 18,032 | 7,168,225 | 1,125,947 | 981,472 | 144,475 |
| 6. Florida Foundation Seed Producers, Inc. | June 30, 2015 | 5,166,053 | 5,166,053 | 11,116,052 | 5,367,675 | 5,748,377 | 2,556,561 | 1,974,237 | 582,324 |
| 7. Florida 4-H Club Foundation, Inc. | March 31, 2015 | 3,021,723 | 2,992,378 | 3,254,770 | 62,262 | 3,192,508 | 2,516,030 | 2,315,900 | 200,130 |
| 8. Southwest Florida Research and Education Foundation, Inc. | June 30, 2015 | 128,109 | 128,109 | 119,191 | 202 | 118,989 | 99,991 | 109,111 | (9,120) |
| 9. Citrus Research and Education Foundation, Inc. | June 30, 2015 | 1,371,275 | 1,371,275 | 1,058,977 | 38,491 | 1,020,486 | 807,607 | 1,158,396 | (350,789) |
| 10. Citrus Research and Development Foundation, Inc. | June 30, 2015 | 2,014,540 | 2,014,540 | 3,690,629 | 1,846,816 | 1,843,813 | 12,357,483 | 12,528,210 | (170,727) |
| 11. University of Florida Leadership & Education Foundation, Inc. | December 31, 2014 | 1,026,957 | 1,026,957 | 2,774,668 | 1,750,896 | 1,023,772 | 3,428,344 | 3,431,529 | (3,185) |
| 12. Treasure Coast Agricultural Research Foundation, Inc. | June 30, 2015 | 218,552 | 218,552 | 165,005 | 0 | 165,005 | 210 | 53,757 | (53,547) |
| 13. University of Florida Alumni Association, Inc. (1) | | | | | | | | | |
| 14. University of Florida Investment Corporation | June 30, 2015 | 634,654 | 634,654 | 2,289,537 | 1,764,097 | 525,440 | 3,358,769 | 3,467,983 | (109,214) |
| 15. University of Florida Historic St. Augustine (2) | | | | | | | | | |
| 16. University of Florida Development Corporation (2) | | | | | | | | | |
| 17. GatorCare Health Management Corporation | June 30, 2015 | 387,556 | 387,556 | 36,672,384 | 36,482,660 | 189,724 | 426,171 | 624,003 | (197,832) |
| HEALTH SCIENCE CENTER AFFILIATES | | | | | | | | | |
| 1. Florida Clinical Practice Association, Inc. (College of Medicine) | June 30, 2015 | 109,710,702 | 109,710,702 | 173,244,441 | 44,197,355 | 129,047,086 | 563,242,778 | 543,906,394 | 19,336,384 |
| 2. University of Florida Jacksonville Physicians, Inc. | June 30, 2015 | | | | | | | | |
| 3. Faculty Associates, Inc. (College of Dentistry) | June 30, 2015 | 5,925,091 | 5,925,091 | 8,933,765 | 137,772 | 8,795,993 | 19,209,041 | 16,338,139 | 2,870,902 |
| 4. Florida Health Professions Association, Inc. | June 30, 2015 | 3,275,298 | 3,275,298 | 4,734,445 | 676,982 | 4,057,463 | 6,582,330 | 5,800,165 | 782,165 |
| 5. University of Florida College of Nursing Faculty Practice Association, Inc. | June 30, 2015 | 4,722,373 | 4,722,373 | 4,419,816 | 0 | 4,419,816 | 808,559 | 1,111,116 | (302,557) |
| 6. University of Florida College of Pharmacy Faculty Practice Association, Inc. | June 30, 2015 | 1,736,697 | 1,736,697 | 3,377,278 | 1,219,831 | 2,157,447 | 5,126,457 | 4,705,707 | 420,750 |
| 7. Florida Veterinary Medicine Faculty Association, Inc. | June 30, 2015 | 7,877,992 | 7,877,992 | 9,937,600 | 1,143,280 | 8,794,320 | 8,968,414 | 8,052,086 | 916,328 |
| 8. University of Florida Jacksonville Healthcare, Inc. | June 30, 2015 | 369,091 | 369,091 | 3,821,102 | 3,452,011 | 369,091 | 34,269,870 | 34,269,870 | 0 |
| 9. Faculty Clinic, Inc. | June 30, 2015 | 1,496,967 | 1,496,967 | 4,916,602 | 3,382,714 | 1,533,888 | 1,526,498 | 1,489,577 | 36,921 |
| OTHER AFFILIATED ORGANIZATIONS | | | | | | | | | |
| 1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (In Thousands) | June 30, 2015 | 937,365 | 796,428 | 2,111,464 | 1,241,023 | 870,441 | 1,315,527 | 1,241,514 | 74,013 |
| 2. Shands Jacksonville Healthcare, Inc. (In Thousands) | June 30, 2015 | 168,347 | 148,705 | 476,933 | 307,720 | 169,213 | 608,799 | 588,291 | 20,508 |
| 3. University of Florida Self-Insurance Program (Including HEIC) | June 30, 2015 | 138,279,176 | 138,279,176 | 237,627,923 | 89,874,020 | 147,753,903 | 16,679,424 | 7,204,697 | 9,474,727 |

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

(2) Audited Financial Statements not yet available.

**Audits of Support Organizations
Findings and Deficiencies
2014-15 Fiscal Year**

University Athletic Association, Inc.

During the audit, we discussed the following matters with management:

During the 2015 audit, we obtained a report of seats sold for the 2015 football season. We imported this report into a data extraction software program and compared it to a schedule detailing the minimum booster contribution required for the associated seat. From this report, we extracted a listing of all instances where the minimum required per seat contribution was not met, and we reviewed our findings with Kathy Cook, Director of Internal Operations for Gator Boosters and Mark Gajda, Assistant AD for Ticket Operations, who then followed up on these findings to collect or resolve the deficiencies. Management of the Association and Gator Boosters, Inc. requested we perform this same procedure for the 2016 football season. We performed the procedure and noted a total deficiency of booster contributions collected below the required minimum booster contributions of approximately \$10,000. Subsequent to our audit fieldwork, these issues have been resolved by either the Ticket Office or Gator Boosters, Inc.

Source: 2015 UAA SAS 114 Letter, Other Significant Matters, Findings or Issues

**Audits of Support Organizations
Findings and Deficiencies
2014-15 Fiscal Year**

Gator Boosters, Inc.

During the audit, we discussed the following matter with management:

During the 2015 audit, we obtained a report of seats sold for the 2015 football season. We imported this report into a data extraction software program and compared it to a schedule detailing the minimum booster contribution required for the associated seat. From this report, we extracted a listing of all instances where the minimum required per seat contribution was not met, and we reviewed our findings with Kathy Cook, Director of Internal Operations for Gator Boosters and Mark Gajda, Assistant AD for Ticket Operations, who then followed up on these findings to collect or resolve the deficiencies. Management of the Association and Gator Boosters, Inc. requested we perform this same procedure for the 2016 football season. We performed the procedure and noted a total deficiency of booster contributions collected below the required minimum booster contributions of approximately \$10,000. Subsequent to our audit fieldwork, these issues have been resolved by either the Ticket Office or Gator Boosters, Inc.

Source: 2015 Gator Boosters SAS 114 Letter, Other Significant Matters, Findings, or Issues

**Audits of Support Organizations
Findings and Deficiencies
2014-15 Fiscal Year**

Florida 4-H Club Foundation, Inc.

In planning and performing our audit, we noted the following matter that we consider an opportunity for strengthening internal controls and operating efficiency, as listed below. This recommendation does not affect our report dated June 15, 2015.

Bank Statement Review – Per work performed over internal controls, we noted that the unopened bank statements (and online bank statement) are received directly by the Comptroller who also reconciles the bank statements. The bank statement and bank reconciliation are then sent to the Office Assistant to review. The Office Assistant verifies that all transactions are properly accounted for on the reconciliation. She also documents her review by signing her initials and dating the bank reconciliation. We recommend that the unopened bank statements (or download from the bank website) be forwarded to or downloaded by the CEO or other appropriate senior management of the Foundation. The CEO should open and review the bank statement, by initials and dating, should be made on the face of the bank statement. The statements may then be provided to the Comptroller to reconcile. A second review should then be performed by the CEO to ensure no changes were made during reconciliation. Documentation of the review of the bank reconciliation should be made on the face of the reconciliation. We believe that this practice will further enhance the segregation of duties necessary for strong controls over cash.

Source: 2015 Florida 4-H Foundation, Inc. SAS 114 Letter, Comments and Recommendations

**Audits of Support Organizations
Findings and Deficiencies
2014-15 Fiscal Year**

GatorCare Health Management, Inc.

In planning and performing our audit, we noted the following matter that we consider to be an opportunity for improvement to the operations of GatorCare:

Investment of cash balances – We noted that over the course of the year, the average cash balance maintained by GatorCare was approximately \$16 million, with average monthly ledger balances ranging from a low of \$13.2 million to a high of \$19.1 million over the course of the fiscal year. These cash balances are all held in a non-interest bearing cash account with Bank of America. We understand that due to its custodial duties to its participating employers, GatorCare must manage these cash balances in a manner that fully protects them against any losses in value; however, we recommend consideration of possible investment strategies that could be employed to provide some return on investment on these cash balances while still protecting the capital value.

Source: *GatorCare Health Management, Inc. SAS 114 Letter, Other Recommendations for Improvement to Operations*

**Audits of Support Organizations
Findings and Deficiencies
2014-15 Fiscal Year**

University of Florida Nursing Faculty Practice Association, Inc.

In planning and performing our audit, we noted the following matter that we consider an opportunity for strengthening internal controls and operating efficiency, as listed below. This recommendation does not affect our report dated August 19, 2015.

Timely Remittance – During our testing of patient files, we identified one instance where a patient encounter was not submitted to the payer in a timely manner. This patient had an invalid CPT code input into the Centricity system, and additionally the patient's status had been set to inactive. One or both of these items contributed to this patient being overlooked during the monthly review and the untimely remittance of the encounter to the payer. We recommend all patient encounters that have not been submitted to the payer be reviewed on a monthly basis to ensure timely remittance and collection.

Management's Response

We have reviewed the suggestions above and implemented the following process: Prior to placing an account in inactive status, the account will be reviewed by Financial Counselor to confirm all outstanding charges have been resolved. If account has an outstanding balance from insurance company or patient, the account will remain as an active account and be flagged as inactive until payment is resolved then at which time account will be placed in inactive status. The Financial Counselor will inform Practice Manager of this activity for final approval.

Source: 2015 University of Florida Nursing Faculty Practice Association, Inc. SAS 114 Letter, Comments and Recommendations

**UNIVERSITY OF FLORIDA
OFFICE OF INTERNAL AUDIT
2015-2016 REVISED WORK PLAN - MIDYEAR**

| AUDITS & REVIEWS | 2015-2016 |
|--|-----------|
| Academic Affairs — Distance Learning | * |
| Agricultural Research & Extension – IFAS Research Centers | * |
| Auxiliary & Contracted Services – Auxiliary Oversight & Monitoring | * |
| Health Affairs – Clinical Trials | * |
| Information Resource Management – Decentralized IT Security and Compliance | * |
| Information Resource Management – IBM Endpoint Manager Implementation | * |
| Institutional Support – Conflicts of Interests | * |
| Institutional Support – Control Self-Assessment Survey | * |
| Institutional Support – Emergency Preparedness and Incident Response | * |
| Institutional Support – Executive Travel and Reimbursement | * |
| Institutional Support – Lab Safety and Security | * |
| Institutional Support – Performance Based Funding | * |
| Institutional Support – Privacy Office | * |
| Other Support — Gator Boosters | * |
| Other Support – UAA Information Technology General Controls | * |
| Other Support – UAA Purchasing Card Program | * |
| Other Support – UAA Student Athlete Eligibility | * |
| Other Support – UAA Ticket Office | * |
| Other Support – UFF Legal Compliance | * |
| Other Support – UFF Restricted Gifts – Endowed (CY 2015) | * |
| Other Support – UFF Restricted Gifts – Non-Endowed (CY 2015) | * |
| Personnel Administration – Employee Relations and Leave Administration | * |
| Research Administration & Support – NRC Annual Review | * |
| Research Administration & Support – Research Participant Payments | * |

**UNIVERSITY OF FLORIDA
OFFICE OF INTERNAL AUDIT
2015-2016 REVISED WORK PLAN - MIDYEAR**

| AUDITS & REVIEWS | | 2015-2016 |
|---|--|------------------|
| PRIOR YEAR PROJECTS FOR COMPLETION | | |
| Fiscal & Financial Management - Contracts and Grants | | * |
| Other Support – UFF Restricted Gifts – Endowed (CY 2014) | | * |
| Other Support – UFF Restricted Gifts – Non-Endowed (CY 2014) | | * |
| Research Administration & Support – Research Reporting and Compliance | | * |
| Other Support – UAA Ticket Office Monitoring | | * |
| TOTAL PROJECTS | | 29-27 |

*** - Projects Postponed**

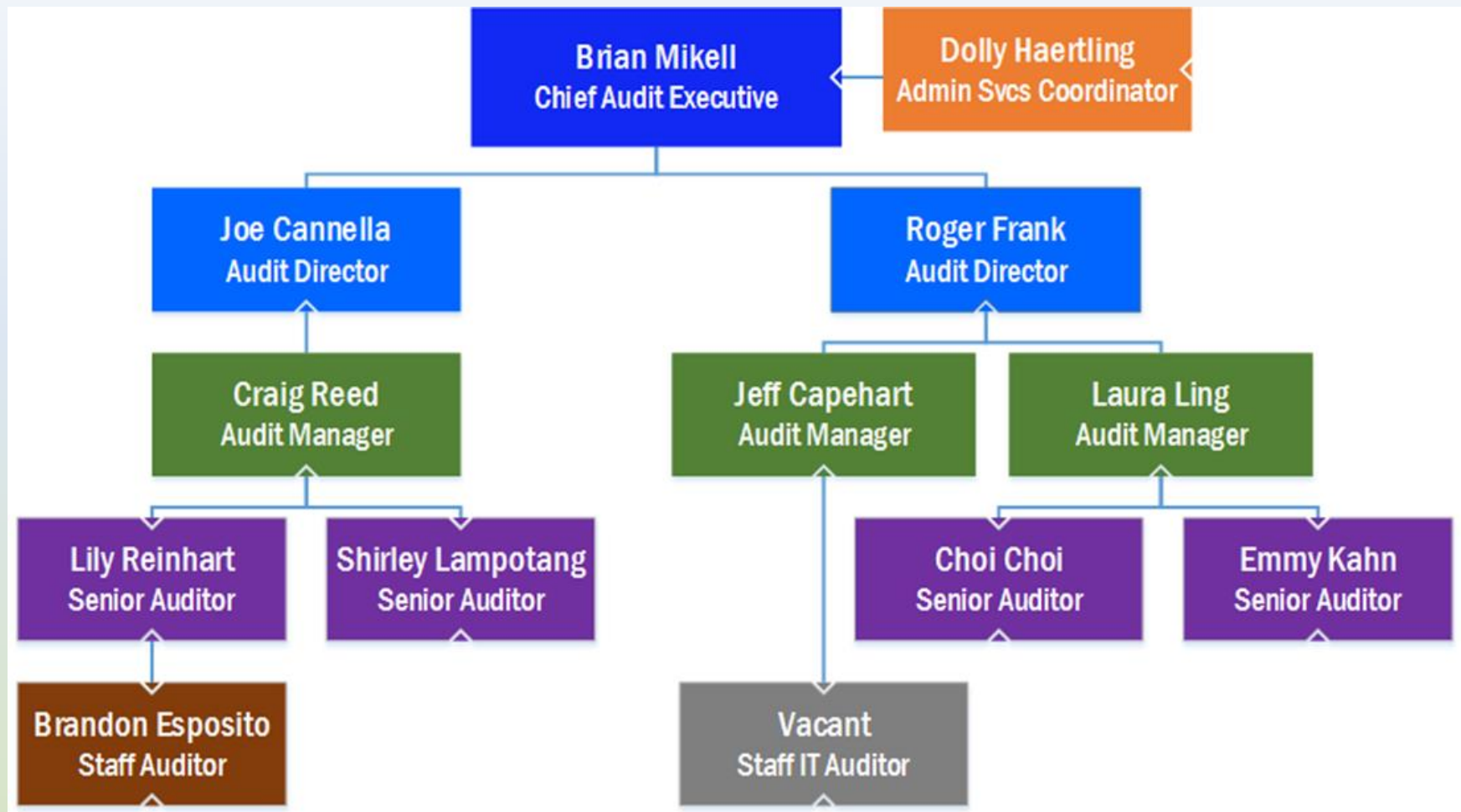
Office of Internal Audit 2014-2015 Annual Report

**Presentation to
Committee on Audit and
Operations Review
December 3, 2015**

OIA ANNUAL REPORT HIGHLIGHTS

- **Organization Chart**
- **Operations**
 - **Expenditures**
 - **Planned vs. Actual Time**
 - **Direct Time**
 - **Planned vs. Completed Projects**
- **Reports Issued**
- **Client Surveys**
- **Investigations**

ORGANIZATIONAL CHART AS OF JUNE 30, 2015



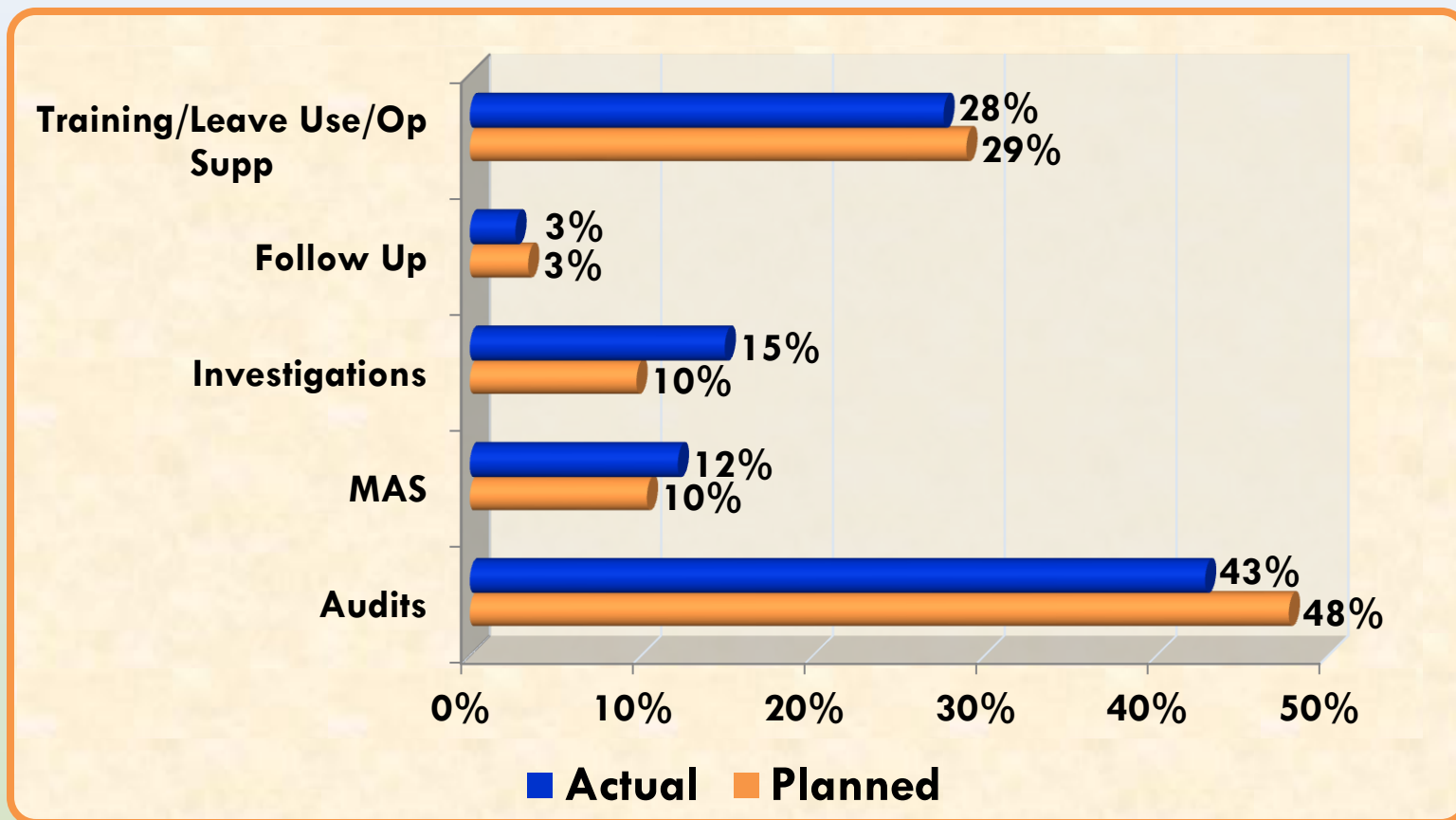
OPERATIONS

- **Expenditures**

| Expenditure Category | 2013-2014 | 2014-2015 |
|-----------------------------|--------------------|--------------------|
| ▪ Salaries | \$1,273,385 | \$1,298,331 |
| ▪ Fixed Assets | 5,279 | 15,149 |
| ▪ Operating Expenses | 20,772 | 27,258 |
| ▪ Training | 8,896 | 8,561 |
| ▪ Compliance Hotline | 9,500 | 9,500 |
| Total Expenditures | \$1,317,832 | \$1,358,800 |

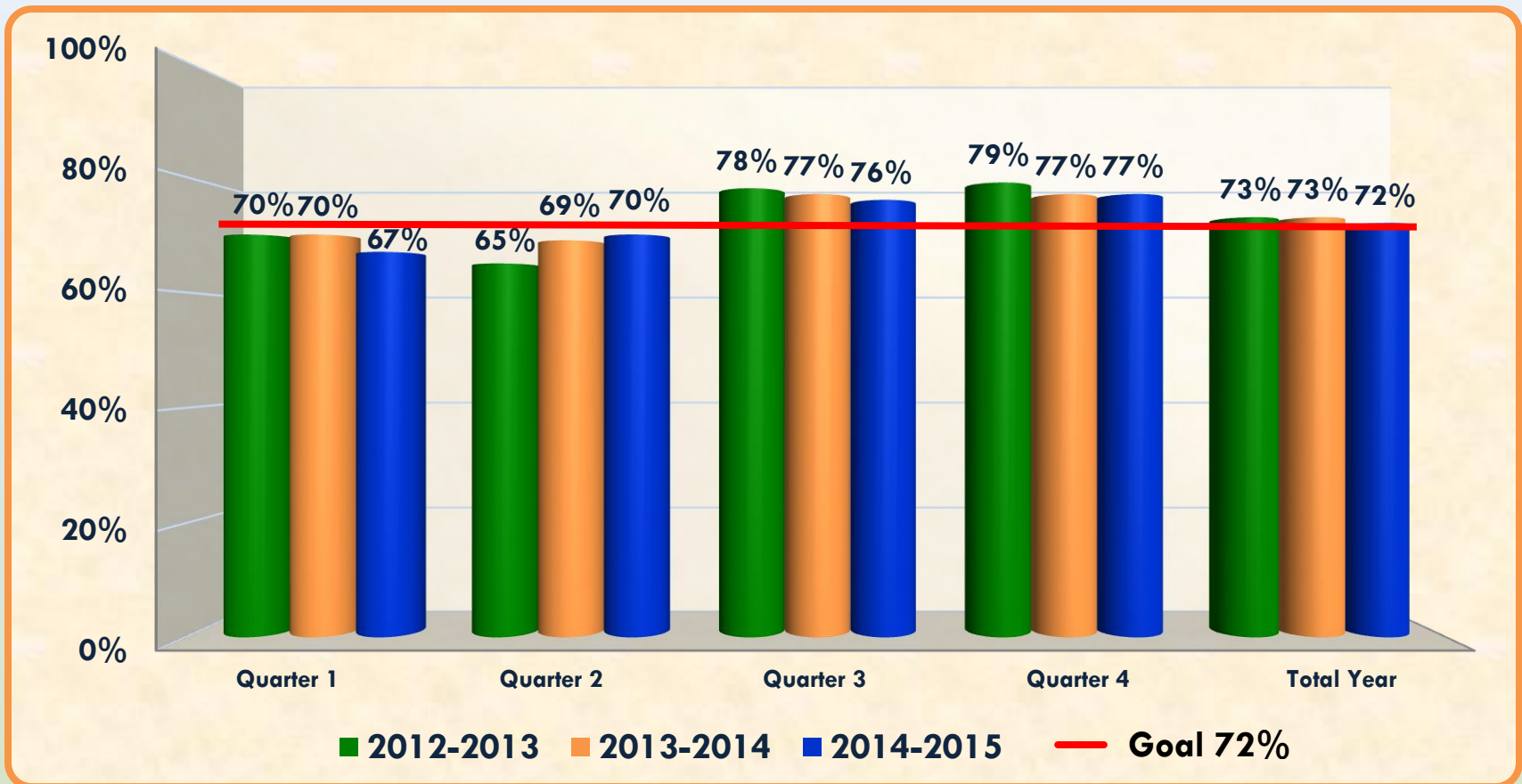
OPERATIONS

Allocation of Total Time - Planned vs. Actual



OPERATIONS

■ Direct Time Service Percentage by Fiscal Year




OPERATIONS





- Projects Planned versus Projects Completed**

| | Planned | | Completed | | |
|------------------|-----------|-----------|-----------|------------|-----------|
| | Original | Revised | Current | Carry Over | Total |
| 2012-2013 | 22 | 21 | 8 | 11 | 19 |
| 2013-2014 | 22 | 20 | 8 | 10 | 18 |
| 2014-2015 | 23 | 22 | 12 | 8 | 20 |
| TOTALS | 67 | 63 | 28 | 29 | 57 |

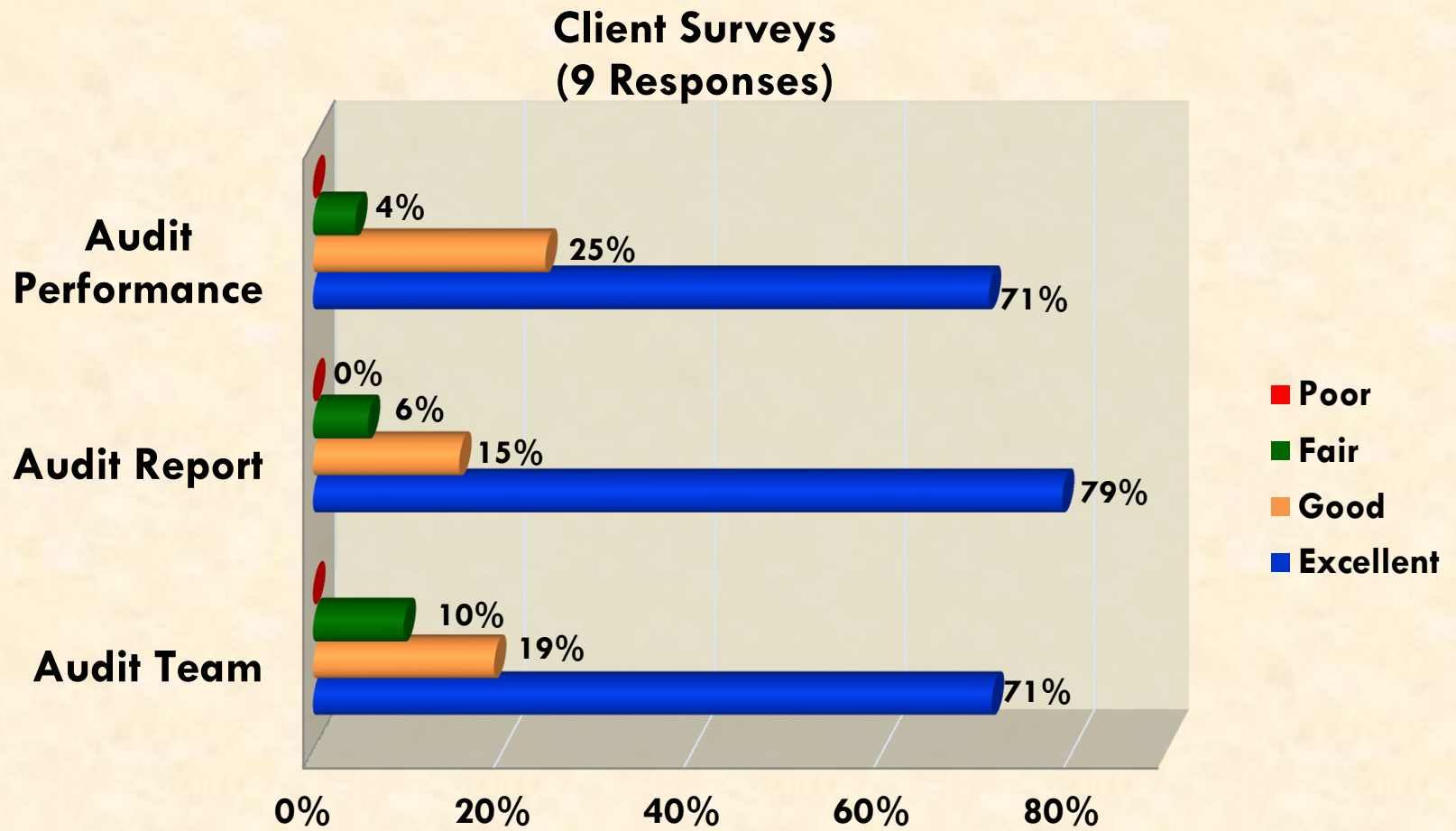
PROJECT REPORTS

- List of Issued Audit Projects Completed during the Fiscal Year

 - Substantially completed as of June 30, 2015

| Title | Issue Date | Project |
|---|------------|-----------------------------|
| President's Reimbursable Expenses | 9/3/14 | Management Advisory Service |
| UFF Other Revenues | 10/29/14 | Internal Audit |
| UFF Travel Expenses | 10/29/14 | Internal Audit |
| International Student Activities | 11/7/14 | Internal Audit |
| Extension Services Monitoring – Control Self-Assessment | 12/16/14 | Management Advisory Service |
| UFF Restricted Gifts | 1/9/15 | Internal Audit |
| Performance Based Funding – Data Integrity | 2/9/15 | Internal Audit |
| Baby Gator Child Development Centers | 2/17/15 | Internal Audit |
| UAA Academic Support Services | 2/18/15 | Internal Audit |
| Purchasing Card | 4/7/15 | Internal Audit |
| Building Access Security Systems | 5/18/15 | Management Advisory Service |
| Cloud Computing | 5/29/15 | Management Advisory Service |
| UAA Controls Assessment | 6/12/15 | Internal Audit |
| UAA Financial Aid and Scholarships | 6/12/15 | Internal Audit |
| UF Alumni Association Gator Clubs | 6/12/15 | Internal Audit |
| Review of NRC Awards | 6/19/15 | Management Advisory Service |
| Travel, Entertainment and Employee Reimbursements  | 7/6/15 | Internal Audit |
| Citrus Research and Development Foundation  | 7/24/15 | Internal Audit |
| Youth Protection Activities  | 8/10/15 | Management Advisory Service |
| Deferred Maintenance  | 8/13/2015 | Management Advisory Service |

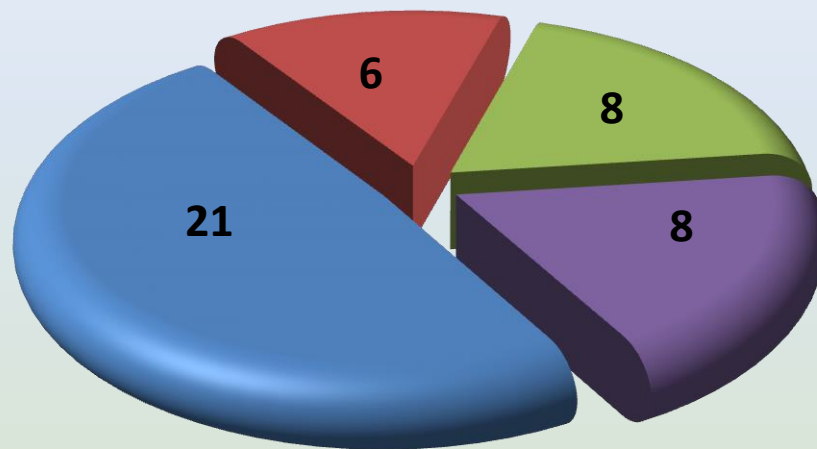
CLIENT SURVEYS



INVESTIGATIONS

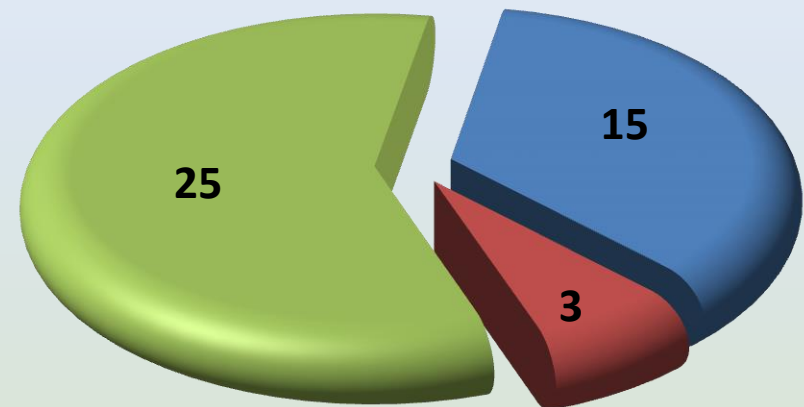
- Handled 43 Complaints and Allegations

Complaints and Allegations Received



- UF Compliance Hotline
- E-Mail
- Telephone/Fax
- Referral/Letter/Other

Disposition of Complaints/Allegations



- Referred
- Closed at Intake/On Hold
- OIA Review

OTHER TOPICS

- **Staff Training**
- **Time Analysis - Planned/Actual Hours**
- **Time Comparison – Three Years**
- **Audit and Advisory Report Summaries**
- **Follow-up Statistics**
- **Other Staff Activities**