



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON AUDIT AND OPERATIONS REVIEW  
EXECUTIVE SUMMARY  
December 1, 2016**

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 approve the Performance Based Funding Data Integrity Certification, as executed by the President and for execution by the Board Chair. 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:

- Denita Tyre, 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 2016-2017 Annual Audit Plan
  - revisions to the Office of Internal Audit Charter
  - presentation of the OIA Annual Report for fiscal year 2015-2016
  - plans for the OIA External Quality Assessment Review, Spring 2017
- The committee will receive information from the CFO's Office on the status of audits of university-affiliated support organizations
- The Deputy General Counsel will discuss plans to review and revise the Charter for the Committee on Audit and Operations Review, incorporating new Board of Governors regulations



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

**COMMITTEE AGENDA**

**December 1, 2016**

**~2:15 p.m. EST**

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

**Committee Members:**

Marsha D. Powers (Chair), James W. Heavener, Nicole LP Stedman, Robert G. Stern, David M. Thomas, Susan D.C. Webster

- 1.0 Verification of Quorum ..... Brian Mikell, Chief Audit Executive
- 2.0 Call to Order and Welcome ..... Marsha D. Powers, Chair
- 3.0 Review and Approval of Minutes..... Marsha D. Powers, Chair  
[September 1, 2016](#)
- 4.0 Action Items ..... Marsha D. Powers, Chair  
[AO1. University of Florida Performance Based Funding – Data Integrity \(Audit Report\) and Performance Based Funding Data Integrity Certification](#)
- 5.0 Discussion/Informational Items..... Marsha D. Powers, Chair
  - 5.1 Update on External Audits ..... Denita Tyre, 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 [2016-2017 Annual Audit Plan Revisions](#) ..... Office of Internal Audit
  - 5.6 [OIA Charter Revisions](#) ..... Office of Internal Audit
  - 5.7 Committee Charter Revision Discussion ..... Amy Hass, Office of General Counsel
  - 5.8 2015-2016 OIA Annual Report ..... Office of Internal Audit
  - 5.9 Plans for OIA Quality Assessment Review ..... Office of Internal Audit
- 6.0 New Business ..... Marsha D. Powers, Chair
- 7.0 Adjourn ..... Marsha D. Powers, Chair



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

**September 1, 2016**

**Emerson Alumni Hall, University of Florida, Gainesville, FL**

**Time Convened: 11:39 a.m. EDT**

**Time Adjourned: 11:42 a.m. EDT**

**1.0 Verification of Quorum**

Jamie Lewis Keith, Vice President, General Counsel and University Secretary confirmed a quorum with all members present.

**2.0 Call to Order and Welcome**

Committee Chair, Marsha D. Powers called the meeting to order at 11:39 a.m. EDT and welcomed all Trustees and everyone in attendance at the meeting.

**Members present were:**

Marsha D. Powers, Chair, James W. Heavener, Nicole LP Stedman, Robert G. Stern, David M. Thomas, Susan D.C. Webster

**Others present were:**

Trustees Mori Hosseini, Leonard H. Johnson, Jason J. Rosenberg, Rahul Patel, Steven M. Scott, and Anita G. Zucker; President W. Kent Fuchs, Provost Joseph Glover, Chief of Staff Winfred Phillips, Vice President, General Counsel and University Secretary Jamie Lewis Keith, other members of the President's Cabinet; Director of Government Relations and Assistant University Secretary Melissa Orth, Executive Assistant Brigit Dermott, Senior Administrative Assistant Sandy Mitchell, members of the University of Florida Community, and other members of the public and the media.

**3.0 Review and Approval of Minutes**

The Committee Chair asked for a motion to approve the minutes of the June 9, 2016 committee meeting, which was made by Trustee Thomas and Seconded by Trustee Stern. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed and the motion was approved unanimously.

#### **4.0 Adjourn**

After asking for any further discussion and hearing none, Committee Chair Powers adjourned the meeting at 11:42 a.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON AUDIT AND OPERATIONS REVIEW  
COMMITTEE ACTION ITEM AO1  
December 1, 2016**

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

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**BACKGROUND INFORMATION**

Pursuant to Section 1001.92, Florida Statutes, the Board of Governors has implemented a performance based funding model, which is intended to build upon the Board of Governors' strategic plans and goals and annual accountability reports. The integrity of the data provided to the Board of Governors by the universities is critical to the performance based funding model. On June 23, 2016, 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 is reliable, accurate, and complete. This form is 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 that 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 2, 2016 issued audit report No. 17-689-07, Performance Based Funding – Data Integrity. On October 30, 2016 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 and approve for recommendation to the full Board of Trustees for its approval on the Consent Agenda, (a) the

University of Florida Performance Based Funding - Data Integrity audit report as presented, and (b) the Performance Based Funding Data Integrity Certification, as executed by the President, and (c) execution of that Certification by the Board Chair, for submission to the Board of Governors.

#### **ADDITIONAL COMMITTEE CONSIDERATIONS**

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.

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Supporting Documentation Included: See attached [Final Audit Report](#) and [Signed President's Certification](#)

Submitted by: Brian Mikell, Chief Audit Executive

**Approved by the University of Florida Board of Trustees, December 2, 2016**

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James W. Heavener, Chair

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W. Kent Fuchs, President and Corporate Secretary

# **UNIVERSITY OF FLORIDA**

## **OFFICE OF INTERNAL AUDIT**

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

**Period of Audit:** As of September 30, 2016

**Report Issue Date:** November 2, 2016

**Report Number:** UF-17-689-07


Office of the President  
Office of Internal Audit

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November 2, 2016

**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, 2016. 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



UNIVERSITY OF FLORIDA

**PERFORMANCE BASED FUNDING – DATA INTEGRITY**

As of September 30, 2016

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
AUDIT REPORT.....	2
Scope and Objectives.....	2
Background.....	2
Overall Conclusion.....	5
Attachment A: Performance Based Funding Data Integrity Certification	
Attachment B: Board of Governors Performance Based Funding 2016 Metric Definitions	
Attachment C: Performance Based Funding Model – Final Scores for 2014-2015, 2015-2016 and 2016-2017	
Attachment D: Overview of the University SUDS Submission Data and Process Flows	
MANAGEMENT RESPONSE.....	13

## 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. Pursuant to Section 1001.92, Florida Statutes, 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 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 23, 2016, the chairman of the BOG instructed each university BOT to "direct the university chief audit executive to perform, or cause to have performed by an independent audit firm, an audit of the university's processes that ensure the completeness, accuracy and timeliness of data submissions" to the BOG. 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 of the university's data submission process, related to data metrics used for the BOG's performance based funding initiative, as of September 30, 2016. 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 23, 2016, the chairman of the Board of Governors (BOG), instructed each university board of trustees to “direct the university chief audit executive to perform, or cause to have performed by an independent audit firm, an audit of the university’s processes that ensure the completeness, accuracy and timeliness of data submissions” to the BOG.

We have completed an audit, as of September 30, 2016, 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 August 26, 2016 through October 25, 2016 in accordance with the 2016-2017 audit work plan, and 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. Pursuant to Section 1001.92, Florida Statutes, 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 considered 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 is intended to provide an objective basis of support for the President and BOT chair to certify the required representations (See Attachment A).

According to BOG Regulation 5.001, the PBF model has four stated guiding principles:

- Align with SUS Strategic Plan goals
- Reward excellence or improvement
- Have 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 provides a list of the BOG Performance Based Funding Metric Definitions*

*Attachment C identifies the University of Florida's final scores for the past three allocation years and the 2016-2017 benchmarks*

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. The electronic submission certifies that the file/data represents the position of the university for the term reported.

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 ten other staff responsible for completing the BOG requests as well as requests from other external institutions. The OIPR receives approximately 740 data requests annually of which 25% were from the BOG.

The data owners at the university consist of the core offices responsible for the extraction and compilation of the information that support the PBF metrics and other data requests. The 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 data files for 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 the University of Florida, 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, 2015, with audit report UF-16-674-11 issued November 9, 2015. The audit results included no comments in regards to the university's data submission process.

## **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 designated as 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 were responsible for ensuring that the university provided accurate data to the management information system established and maintained by the BOG Office.

Specific responsibilities included:

- Ensuring the data was complete and in the correct format, and met 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.
- Certify that the file/data represented 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) required 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 developed a calendar of due dates for each submission and provided this information in the annual Higher Education Summit/SUS Data Workshops and on the SUDS submission screens.

Extensive procedures were 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 was critical to coordinate these procedures to meet the required deadlines. A Data Request System (DRS) was developed by the OIPR to facilitate communication, documentation and monitoring of data requests.

The OIPR has implemented a Data Owner Certification Statement whereby each Data Owner summarized the work performed, verified support was maintained, and certified the file was ready for submission. A Review Status Form identified review steps performed by OIPR staff and captured staff sign-off that the review had been completed, including documentation of concerns if needed. In addition, the OIPR provided an annual letter to the president summarizing their due diligence to promote assurance the submissions were timely, accurate and complete. The OIPR created a cloud based drive (President's Portal) to enhance

documentation of review procedures and correspondence concerning the submission of files related to the BOG Performance Funding Metrics.

We noted that 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.

We performed walk-throughs of the documented quality control processes for the SIF, SIFD, OB, IRD and EA files by reviewing supporting documentation contained within the President's Portal, and emails between the OIPR, data owners and the BOG. We noted certifications, checklists and the president's letter were in place for these submissions during our audit period.

We tested the timeliness of all 10 submissions related to PBF from October 1, 2015 through September 30, 2016.

Generally, all submissions were timely, submitted by the appropriate staff, included explanations of any errors, and were accepted by the BOG. We did note that two submissions were late, made three and seven calendar days after the scheduled due date. One submission was resubmitted twice due to minor exceptions. None of these exceptions had a material effect on the data. We observed that all submissions 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 concluded 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-issued 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 that budget carryforward was required to 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 applicable metrics, taking into consideration changes in internal procedures for extraction, review, and submission processes. We also considered staffing changes, the significant changes in reporting requirements between years, variances in the data reported, and points received. The university had initiated a large-scale multi-year project to implement a new student information system. We conducted a progress review of the system implementation to ensure that key



offices were aware of and involved in the project and the BOG reporting requirements would be adequately addressed.

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 the OURs documented procedures for data extraction, review and upload, noting no significant changes since the prior audit in staffing, procedures, or BOG reporting requirements. 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 and maintained accountability for changes and submissions.

The core office employed 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 2016 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 concluded that the OUR's processes were adequate for extraction, review and upload of student data to the SUDS.

## **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. The PBF Metric 7, University Access Rate, was defined as the percent of undergraduates with a Pell grant. Student Financial Affairs was responsible for compiling information used in this file submission.

We reviewed SFA's documented procedures for data extraction, review and upload, noting no significant changes since the prior audit in staffing, procedures, or BOG reporting requirements. Based on the results of our review, we concluded that 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 (institutional costs), 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 director of budgets, under the assistant vice president of budget and analysis who reports to the CFO, was responsible for compiling the OB file. The director, 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 director runs queries from *myUFL* to better categorize benefit plan expenditures, risk management insurance, and financial aid to meet the BOG's requirements.

During our prior year's audit, we reviewed 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. We noted no changes in the current year processes.

The risk management, student financial aid, and fringe benefit expenses impact the average cost of a bachelor's degree. We reviewed the director's procedures for preparing the risk management, student financial aid, and fringe benefits expenses submitted in the 2016-2017 OB file due on August 15, 2016. 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 email documentation with the director of specific review items. The director provided the certification attesting the accuracy of the data provided.

We concluded that the director's procedures and IT controls employed to compile the OB file were adequate to provide complete, accurate data for the OB submission. However, we did observe that submission was seven days after the scheduled due date. The delay was due to retirement of a long-term director. While comprehensive written procedures were prepared to

facilitate the transition to the new director, a few elements were not adequately documented resulting in minor errors/omissions in the initial compilation of the OB file. We do not believe this will be a problem in future OB file compilations.

### **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 degrees within 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 equal 100. If this requirement was not met, there was an error message that had to be researched and resolved. We noted that the process to compile the IRD file had not changed from the previous year.

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.

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.

We also reviewed the OIPR's quality control procedures documented by emails in their Data Request System and the President's Portal and samples of other supporting documentation. We noted the Certification Statements and Review Status Forms were completed for the OB, IRD and EA files to document the performance of the review and status of each quality control step. The OIPR reviewed the completeness of the course sections used for the effort reporting. 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 EA, IRD and OB files.

## **Cost Analysis**

The PBF Metric 10, 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).

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.

Specific procedures regarding queries used to generate the research related expenditures and review and submission of the HERD survey was documented. We reviewed written procedures with core office staff to determine any significant changes in staffing, extraction and review processes and noted no changes from the previous year. Based on our review, 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 calculate the metric.

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). We noted that the process to compile the data had not changed from the previous year.

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 the 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 BOG were limited to the IRD and the OB Supplemental Data Form II. The IRD Annual 2014-2015 was resubmitted twice due to minor differences. Resubmissions were both within one day of the request. The OB Data Forms had minor differences between the summary for student services and was resubmitted seven days after the request. 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.

As of September 2016, there were 46 people with SUDS role access. The DA and four 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 Security Manager role that provided the ability to create end-user roles and grant access to those that will process their data.

Procedures required a 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 reviewed the August 2016 monitoring report and correspondence between the OIPR staff over the approval and monitoring process. Based on our review, we concluded that adequate controls were in place over authorization and monitoring of SUDS assess.

### **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  
Choi Choi

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STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

# Performance Based Funding

## March 2017 Data Integrity Certification

Name of University: \_\_\_\_\_

**INSTRUCTIONS:** Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted audit findings.

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance Based Funding decision-making.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
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"/>	

## Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
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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"/>	
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"/>	
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10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.	<input type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that the Board's Performance Based Funding initiative will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting this initiative have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.	<input type="checkbox"/>	<input type="checkbox"/>	



# Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
<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="text-align: center;">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="text-align: center;">Board of Trustees Chair</p>			

# PERFORMANCE BASED FUNDING 2016 METRIC DEFINITIONS

Attachment B

## 1. Percent of Bachelor's Graduates Enrolled or Employed (\$25,000+)

in the U.S. One Year After Graduation

This metric is based on the percentage of a graduating class of bachelor's degree recipients who are enrolled or employed (earning at least \$25,000) somewhere in the United States. Students who do not have valid social security numbers and are not found enrolled are excluded. Note: This data now includes non-Florida employment data. Sources: Accountability Report (Table 4O). State University Database System (SUDS), Florida Education & Training Placement Information Program (FETPIP) analysis of Wage Record Interchange System (WRIS2) and Federal Employment Data Exchange (FEDES), and National Student Clearinghouse (NSC).

## 2. Median Wages of Bachelor's Graduates Employed Full-time in Florida One Year After Graduation

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. Sources: Accountability Report (Table 4O). State University Database System (SUDS), Florida Education & Training Placement Information Program (FETPIP), National Student Clearinghouse.

## 3. Average Cost per Bachelor's Degree

*Costs to the university*

For each of the last four years of data, the annual undergraduate total full expenditures (includes direct and indirect 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. Sources: State University Database System (SUDS), Expenditure Analysis: Report IV.

## 4. Six Year FTIC Graduation Rate

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. Source: Accountability Report (Table 4D).

## 5. Academic Progress Rate

*2nd Year Retention with GPA Above 2.0*

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). Source: Accountability Report (Table 4B).

## 6. Bachelor's Degrees within Programs of Strategic Emphasis

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). Source: Accountability Report (Table 4H).

## 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. Source: Accountability Report (Table 3E).

## 8a. Graduate Degrees within Programs of Strategic Emphasis

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). Source: Accountability Report (Table 5C).

## 8b. Freshmen in Top 10% of High School Class

NCF

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. Source: New College of Florida as reported to the Common Data Set (C10).

## BOG Choice Metrics

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### 9a. Percent of Bachelor's Degrees Without Excess Hours

FAMU, FAU, FGCU, FIU,  
UCF, UNF, USF, UWF

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.

Source: Accountability Report (Table 4J).

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 mandates 110% of required hours as the threshold. In accordance with statute, this metric excludes the following types of student credits (eg, 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). Source: State University Database System (SUDS).

### 9b. Number of Faculty Awards

FSU, UF

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.

Source: Center for Measuring University Performance, Annual Report of the Top American Research Universities (TARU).

### 9c. National Ranking for University

NCF

This metric is based on the number of Top 50 university rankings that NCF earned from the following list of publications: Princeton Review: Top 50 Colleges That Pay You Back, 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.

Source: Board of Governors staff review.

# PERFORMANCE BASED FUNDING METRIC DEFINITIONS

Attachment B

## BOT Choice Metrics

<b>10a. Percent of R&amp;D Expenditures Funded from External Sources</b> FAMU	This metric reports the amount of research expenditures that was funded from federal, private industry and other (non-state and non-institutional) sources. Source: National Science Foundation annual survey of Higher Education Research and Development (HERD).
<b>10b. Bachelor's Degrees Awarded to Minorities</b> FAU, FGCU, FIU	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. Source: State University Database System (SUDS).
<b>10c. National Rank Higher than Predicted by the Financial Resources Ranking Based on U.S. and World News</b> FSU	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. Source: US News and World Report's annual National University rankings.
<b>10d. Percent of Undergraduate Seniors Participating in a Research Course</b> NCF	This metric is based on the percentage of undergraduate seniors who participate in a research course during their senior year. Source: New College of Florida.
<b>10e. Number of Bachelor Degrees Awarded Annually</b> UCF	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. Source: State University Database System (SUDS).
<b>10f. Total Research Expenditures</b> UF	This metric is the total expenditures (includes non-science & engineering fields) for research & development activities within a given fiscal year. Source: National Science Foundation annual survey of Higher Education Research and Development (HERD).
<b>10g. Percent of Course Sections Offered via Distance and Blended Learning</b> UNF	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. Source: State University Database System (SUDS).
<b>10h. Number of Postdoctoral Appointees</b> USF	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. Source: National Science Foundation/National Institutes of Health annual Survey of Graduate Students and Postdoctorates in Science and Engineering (GSS).
<b>10i. Percentage of Adult Undergraduates Enrolled</b> UWF	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 enrollment. This includes undergraduates who are not degree-seeking, or unclassified. Source: State University Database System (SUDS).



# Performance Funding Model 2014-2015

## University of Florida

	Excellence		Improvement		Final Score
Key Metrics Common to All Universities Plus 2 Institution Specific Metrics	Data	Points	Data	Points	
Percent of Bachelor's Graduates Employed and/or Continuing their Education Further 1 Yr after Graduation	63%	2	0%	0	2
Median Average Full-time Wages of Undergraduates Employed in Florida 1 Yr after Graduation	\$33,100	3	6%	5	5
Average Cost per Undergraduate Degree to the Institution	\$24,940	3	0%	0	3
Six Year Graduation Rate <i>Full-time and Part-time FTIC</i>	86%	5	1%	1	5
Academic Progress Rate 2nd Year Retention with GPA Above 2.0	96%	5	1%	1	5
Bachelor's Degrees Awarded in Areas of Strategic Emphasis <i>(includes STEM)</i>	47%	4	1%	1	4
University Access Rate Percent of Undergraduates with a Pell-grant	32%	5	0%	0	5
Graduate Degrees Awarded in Areas of Strategic Emphasis <i>(includes STEM)</i>	59%	5	2%	2	5
<b>Institution-Specific Metrics</b>					
Faculty Awards	18	3	-4	0	3
Total Research Expenditures	\$697 Million	5	-\$43 Million	0	5
<b>TOTAL</b>					42



# Performance Funding Model 2015-2016

## University of Florida

	Excellence		Improvement		Final Score
Key Metrics Common to All Universities Plus 2 Institution Specific Metrics	Data	Points	Data	Points	
Percent of Bachelor's Graduates Employed and/or Continuing their Education (1 Yr after Graduation)	72%	3	5%	5	5
Median Wages of Bachelor's Graduates Employed Full-Time in Florida (1 Yr after Graduation)	\$34,800	3	5%	5	5
Average Cost per Bachelor's Degree	\$25,450	3	2%	0	3
Six Year Graduation Rate <i>Full-time and Part-time FTIC</i>	87%	5	1%	1	5
Academic Progress Rate 2nd Year Retention with GPA Above 2.0	95%	5	-1%	0	5
Bachelor's Degrees Awarded in Areas of Strategic Emphasis	55%	5	3%	3	5
University Access Rate Percent of Undergraduates with a Pell-grant	32%	5	-1%	0	5
Graduate Degrees Awarded in Areas of Strategic Emphasis	70%	5	1%	1	5
<b>Institution-Specific Metrics</b>					
Faculty Awards	20	3	2	2	3
Total Research Expenditures	\$695 Million	3	-\$2 Million	0	3
<b>TOTAL</b>					44



# Performance Funding Model 2016-17

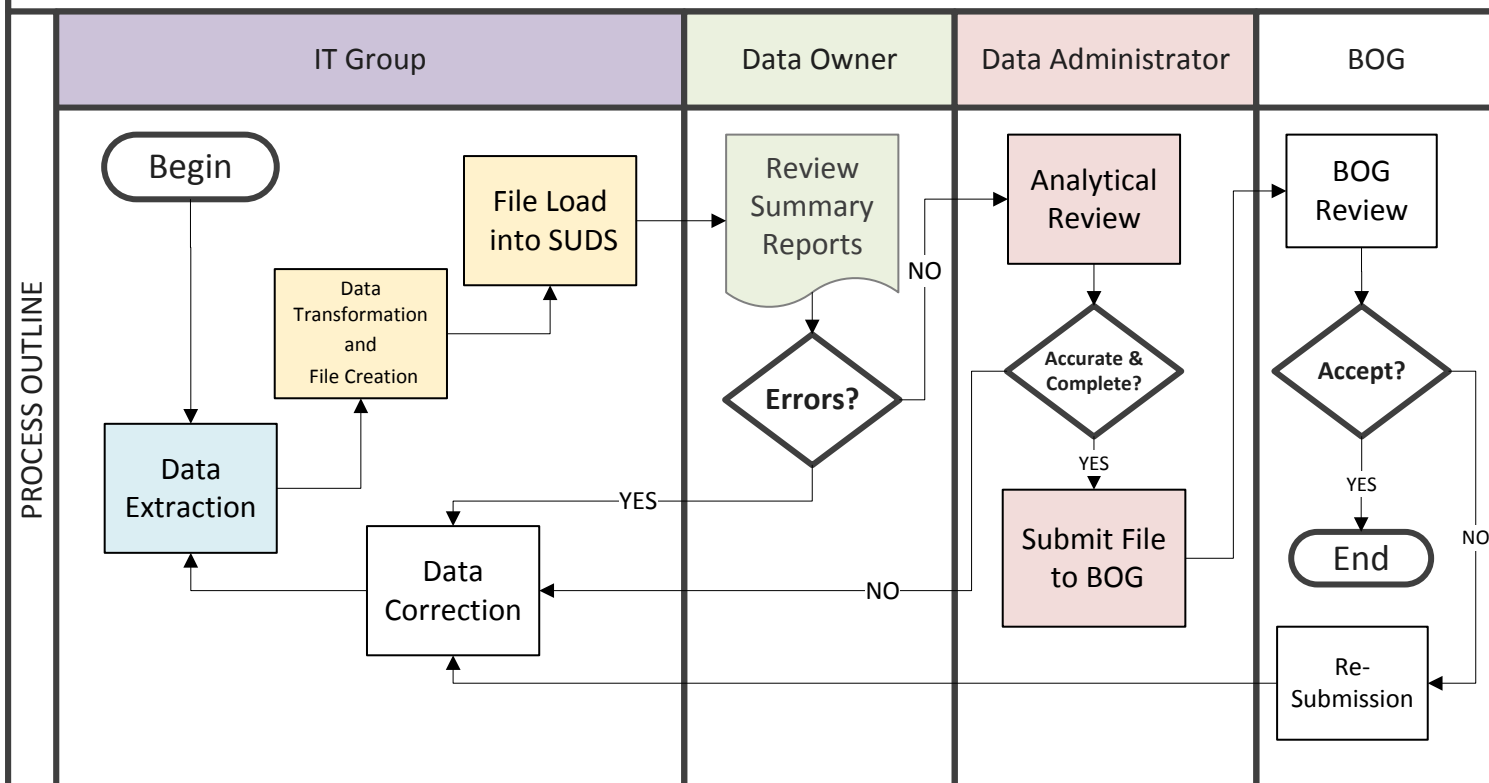
## University of Florida

	Excellence		Improvement		Final Score
Key Metrics Common to All Universities Plus 2 Institution Specific Metrics	Data	Points	Data	Points	
Percent of Bachelor's Graduates Employed and/or Continuing their Education (1 Yr after Graduation)	72.1%	6	-0.8%	0	6
Median Wages of Bachelor's Graduates Employed Full-Time in Florida (1 Yr after Graduation)	\$35,200	8	1.1%	2	8
Average Cost per Bachelor's Degree	\$26,450	6	3.9%	0	6
Six Year Graduation Rate <i>Full-time and Part-time FTIC</i>	86.5%	10	-1.0%	0	10
Academic Progress Rate 2nd Year Retention with GPA Above 2.0	94.6%	10	-0.6%	0	10
Bachelor's Degrees Awarded in Areas of Strategic Emphasis	56.1%	10	1.5%	3	10
University Access Rate Percent of Undergraduates with a Pell-grant	31.6%	10	-0.8%	0	10
Graduate Degrees Awarded in Areas of Strategic Emphasis	69.2%	10	-0.6%	0	10
<b>Institution-Specific Metrics</b>					
Faculty Awards	15	5	-5	0	5
Total Research Expenditures	24	7	1.9%	3	7
<b>TOTAL</b>					82

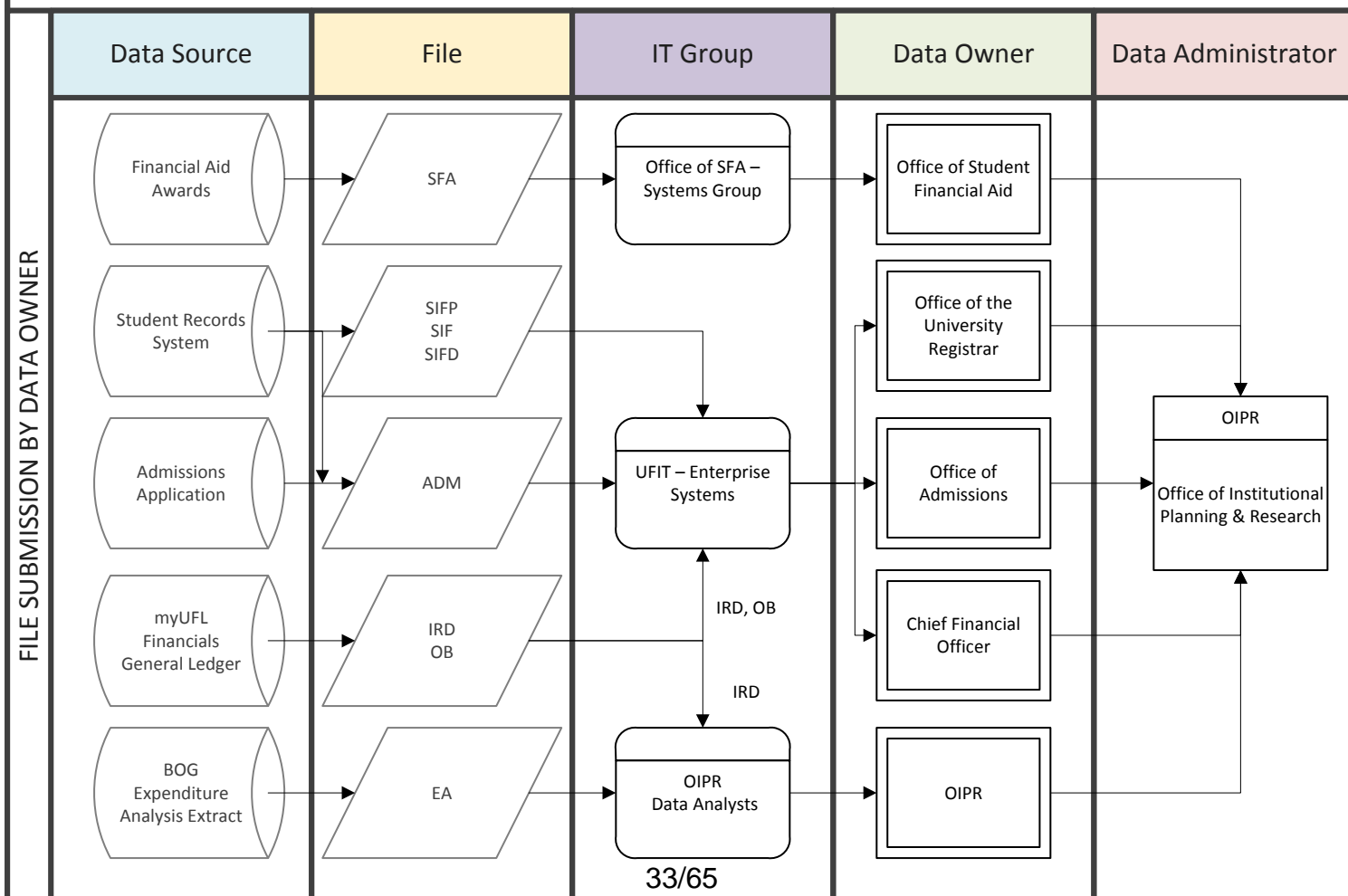
Performance Based Funding Model 2016-17											
		EXCELLENCE (Achieving System Goals)									
Points		10	9	8	7	6	5	4	3	2	1
Key Metrics Common to All Universities											
1	Percent of Bachelor's Graduates Employed and/or Continuing their Education Further 1 Yr after Graduation	80%	77.5%	75%	72.5%	70%	67.5%	65%	62.5%	60%	57.5%
2	Median Average Full-time Wages of Undergraduates Employed in Florida 1 Yr after Graduation	\$40,000	\$37,500	\$35,000	\$32,500	\$30,000	\$27,500	\$25,000	\$22,500	\$20,000	\$17,500
3	Average Cost per Undergraduate Degree to the Institution	\$21,589	\$22,939	\$24,287	\$25,637	\$26,986	\$28,336	\$29,685	\$31,034	\$32,383	\$33,733
4	Six Year Graduation Rate Full-time and Part-time FTIC	70%	68.8%	67.5%	66.3%	65%	63.8%	62.5%	61.3%	60%	58.8%
5	Academic Progress Rate 2nd Year Retention with GPA Above 2.0	90%	88.8%	87.5%	86.3%	85%	83.8%	82.5%	81.3%	80%	78.8%
6	Bachelor's Degree's Awarded in Areas of Strategic Emphasis (includes STEM)	50%	47.5%	45%	42.5%	40%	37.5%	35%	32.5%	30%	27.5%
7	University Access Rate Percent of Undergraduates with a Pell- grant	30%	28.8%	27.5%	26.3%	25%	23.8%	22.5%	21.3%	20%	18.8%
8.A	Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM)	60%	57.5%	55%	52.5%	50%	47.5%	45%	42.5%	40%	37.5%
9.B	Faculty Awards -- FSU	25	20	15	13	11	9	7	5	4	2
9.B	Faculty Awards -- UF	31	27	23	21	18	15	12	8	5	3
		IMPROVEMENT									
% Improvement		5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%
Points		10	9	8	7	6	5	4	3	2	1
10.F	UF - Total Research Expenditures	1st-6th	7th-12th	13th-18th	19th-24th	25th-30th	31st-36th	37th-42nd	43rd-48th	49th-54th	55th-60th



## Overview of the University SUDS Submission Data & Process Flows



## Data Flow by Owner



October 31, 2016

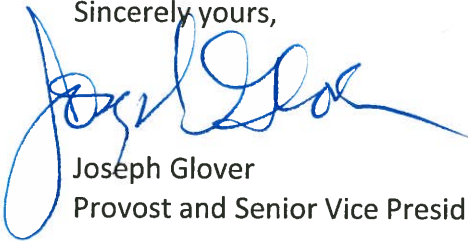
Audit Committee  
University of Florida Board of Trustees  
903 W. University Avenue, Room 217  
CAMPUS

Dear BOT Audit Committee Members:

I am writing to indicate my concurrence with the *Performance Based Funding – Data Integrity* audit report as of September 30, 2016. I have reviewed the substance of that report in a meeting with Brian Mikell and the audit staff in an exit meeting on October 28.

I would like to thank Brian and his staff for the substantial amount of work they put into this audit review in support of the university's Performance Funding effort.

Sincerely yours,



Joseph Glover  
Provost and Senior Vice President for Academic Affairs

JG/rjh



# Performance Based Funding

## March 2017 Data Integrity Certification

Name of University: University of Florida

**INSTRUCTIONS:** Please respond "Yes" or "No" for each representation below. Explain any "No" responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted audit findings.

Performance Based Funding Data Integrity Certification Representations			
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5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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Performance Based Funding Data Integrity Certification Representations			
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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 University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

# Performance Based Funding Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
<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: <u>W. K. D.</u> Date <u>Oct. 30, 2016</u>  President</p>			
<p>I certify that this Board of Governors Performance Based Funding Data Integrity Certification has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p> <p>Certification: _____ Date _____  Board of Trustees Chair</p>			

# Management Advisory Services Summary

**Controls Self-Assessment  
As of March 15, 2016**

**MAS Project # 16-72-02  
Issued July 8, 2016**

## Introduction:

The University of Florida's fiscal and administrative structure is based on a decentralized model where the deans, directors, and department heads are responsible for unit procedures and internal controls. To assist the university's units with the evaluation and understanding of their internal controls, the Office of Internal Audit (OIA) distributed a Controls Self-Assessment (CSA) survey on February 5, 2016. The CSA survey was modeled after the one developed by the OIA in 1997, and has undergone revisions in 2007 and 2011. The survey was updated to reflect the current business environment and associated controls each time the assessment has been performed.

The OIA used the university's online survey tool, Qualtrics, for the controls self-assessment. The survey consisted of 109 questions with "Yes/No/Not Sure and Not Applicable" responses organized by the nine major categories of (1) Control Environment; (2) Budgeting, Accounting, and Financial Reporting; (3) Collections, Deposits, and Cash Funds; (4) Purchasing and Disbursements; (5) Asset Management; (6) Payroll; (7) Human Resource Management; (8) Research Management and Support; and (9) Information Technology. Each question included background information explaining the purpose of the question and/or related best practices, as well as a reference to applicable university policy or procedures. The survey tool, which will continue to be available on the OIA website, is available to units for training, self-assessment, or as a reference tool.

As of March 15, 2016, the compilation date of this report, responses had been received from 264 of 279 surveyed units, amounting to a 95% response rate.

## Comments and Conclusions:

The following identified practices, if implemented, may further strengthen the internal controls of the university:

- Develop a common definition of an "operational unit" and promote the identification of an accountable officer for every unit.
- Continue to update and initiate periodic self-assessment surveys in connection with the development of long-term audit planning and enterprise risk assessments.
- Validate responses through planned visitation on a sample basis. This is part of OIA 2016-2017 audit work plan.
- Evaluate "no" responses for potential improvement opportunities. These may include:
  - Developing guidance for units with regards to establishment of goals, objectives, benchmarks, risk assessments, and development of plans to meet those objectives.
  - Development of business continuation plans and establishment of back-up procedures for key information technology and business practices.
  - Maintenance of current operational procedures and job descriptions.
  - Development of procedures to promote that the functions relating to collections, deposit, purchase transaction processing and departmental reconciliations are properly segregated.
  - Development of procedures to promote that telephone bills are reviewed and charges are appropriate.
  - Clarifying guidance and expectations for management to:
    - ◇ Periodically review purchasing card limits for reasonableness
    - ◇ Timely review and approve time/leave and final payroll listing
    - ◇ Develop procedures to track attractive and sensitive property
  - Clarifying guidance regarding approvals required for modified work schedules.
  - Improve communications regarding minimum configuration requirements for mobile computing devices as stated in the University of Florida Mobile Computing and Storage Devices Policy.



## Audit Summary

# CONFIDENTIAL REPORT

UAA Information Technology General Controls  
As of October 31, 2015

Audit Report # UF-16-676-13  
Issued July 27, 2016

### Objective:

The Office of Internal Audit conducted an audit of the University Athletic Association (UAA) Information Technology (IT) general controls as of October 31, 2015. The primary objective of this audit was to evaluate the adequacy of IT general controls in place and their effectiveness in providing security, integrity, confidentiality, and availability of the UAA IT systems and data. Specifically, we focused on controls relating to logical access; physical security and environment; operations; and system development and maintenance.

### Background:

The UAA is a Direct Support Organization of the University of Florida responsible for the intercollegiate athletic programs at the university. The UAA IT Department was comprised of 14 full-time staff members organized into functional areas for networking, event management, telecommunications, help desk/training, and programming. The Director of UAA IT reported to an Executive Associate Athletic Director and was responsible for the information technology infrastructure.

The UAA IT management committed to an internal set of Information Security Policies and Procedures organized around the Payment Card Industry Data Security Standard (PCI DSS) to protect information utilized by the UAA in attaining its business goals. All employees as well as contractors, consultants, temporary employees, volunteers, and all other workers at the UAA, including all personnel affiliated with third-parties, were required to sign and adhere to a Security Awareness and Acceptable Use Policy. Violations of the policy were enforceable with personnel actions up to and including termination of employment.

### Conclusion:

We identified and evaluated the IT general controls by conducting employee interviews, process walk-throughs, observation, and testing.

Based on the results of our audit procedures, we concluded that UAA IT general controls in place were adequate. Our conclusion indicated that there appropriate controls were in place and generally functioning as designed, but opportunities may exist for improvement.

Action plans to address noted improvement opportunities were proposed by the audit team and agreed to by university management. Due to the confidential nature of this report, details of these planned actions have not been summarized.

## Audit Summary

UAA Student Athlete Academic Eligibility  
As of March 31, 2016

Audit Report # UF-16-678-15  
Issued September 20, 2016

### Objective:

The Office of Internal Audit conducted an audit of student-athlete academic eligibility as of March 31, 2016. The primary objective of this audit was to evaluate key controls in place to promote compliance with the National Collegiate Athletic Association (NCAA) and Southeastern Conference (SEC) requirements for student-athlete academic eligibility during the fall 2015 and spring of 2016 terms. Specifically, we focused on freshman initial academic eligibility, continuing eligibility and degree progress, transfer student academic eligibility, and certification of squad lists.

### Background:

The University Athletic Association, Inc. (UAA), is a direct support organization responsible for the intercollegiate athletics programs at the University of Florida. Compliance with NCAA, SEC, and university rules related to student-athlete academic eligibility is the responsibility of the athletic director, and is jointly conducted by the UAA's Compliance Office and the Otis Hawkins Center, and by the university's Office of Admissions (Admissions) and Office of the University Registrar (Registrar). Key personnel from these groups, along with the university's NCAA faculty athletic representative, meet at least biweekly to discuss student-athlete academic eligibility issues and specific cases.

The determination of freshman student-athlete initial eligibility is based on information provided by the NCAA Eligibility Center, joint review of university Admissions and Registrar, and support provided by the Admissions Committee and the Provost. Student-athlete continuing academic eligibility is determined by staff from both university Admissions and the Registrar with input from university, college or departmental representatives as needed. The Faculty Athletic Representative, Otis Hawkins Center staff and the Compliance Office staff serve in key monitoring roles throughout the eligibility certification process. There were 620 eligible individual student-athletes identified on the 2015-2016 academic year squad lists, 346 men (56%) and 274 women (44%).

### Conclusion:

Compliance with NCAA and SEC regulations in regard to student-athlete academic eligibility requires an internal control structure that fosters effective communication between the UAA and university units. After reviewing the results of our prior audit issued in 2009, we performed necessary audit procedures to obtain an understanding of the current control structure and processes in place. We interviewed UAA and university employees, reviewed the NCAA Bylaw, Article 14 and the SEC manual, as well as written UAA and university policies and procedures. We also attended an eligibility review meeting, and performed audit tests to evaluate the effectiveness of identified 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 NCAA and SEC requirements for student-athlete academic eligibility were adequate and no compliance issues were noted.



# Management Advisory Services Summary

**Auxiliary Oversight and Monitoring  
As of March 31, 2016**

**MAS Project # 16-72-01  
Issued September 20, 2016**

## Introduction:

The Office of Internal Audit performed a management advisory service review of Auxiliary Oversight and Monitoring as of March 31, 2016. The primary objective of this review was to evaluate the effectiveness of auxiliary oversight and monitoring controls. Specifically, we reviewed controls over the application, monitoring, and service center rate review processes.

The university uses the term “auxiliaries,” or “educational business activities,” to represent a number of revenue-generating activities based on the source of revenue and its relation to the educational process and its clients. Auxiliary services are defined in Board of Governors regulations as “...*integral activities of a university that furnish to its faculty, staff and students goods and/or services that are necessary or desirable but not readily available elsewhere in terms of costs, quality, quantity, timeliness, convenience, or other similar considerations. These activities shall support the educational endeavor of the institution and enhance its functioning; therefore, they shall not detract or distract from this basic endeavor in any way...*”

During the 2015-2016 fiscal year, the university had 186 established auxiliaries with total sales of \$392 million. Included in this total was \$113 million in internal sales, with \$9.4 million charged to federal projects and \$6.7 million to other state or private projects. Examples of the university’s significant auxiliaries included:

- Distance and Continuing Education
- Physical Plant Division
- Housing and Residence Education
- Counseling Center – GatorWell
- Transportation and Parking Services
- Student Health Care Services
- Animal Care Services
- Baby Gator
- O’Connell Center
- J. Wayne Reitz Union
- High Performance Computing
- Center for Performing Arts

## Comments and Conclusions:

We interviewed key university staff and evaluated the effectiveness of auxiliary oversight and monitoring by analyzing relevant data and performing walk-throughs of key processes. Our review revealed the following improvement opportunities the auxiliary processes:

- Formal written procedures or desk manuals should be developed to better document the roles and responsibilities related to the application review, monitoring and the service center rate review processes.
- Revise the application form to better document and support the reasons for application rejection.
- Although the application process helps to notify the applicant of potential legal and tax issues, procedures should be implemented to notify applicable core offices of new business activities.
- The Auxiliary Committee should develop a formal charter to better define their authority, responsibilities, and management expectations related to oversight and monitoring.
- The website could be enhanced to better communicate necessary information to auxiliary stakeholders.

## Audit Summary

Foundation Endowed Restricted Gifts  
January 1, 2015 to December 31, 2015

Audit Report # UF-16-681-18  
Issued October 5, 2016

### Objective:

The Office of Internal Audit conducted an audit of the University of Florida Foundation endowed restricted gift funds for the period January 1, 2015 through December 31, 2015. The primary objective of this audit was to evaluate controls to determine if university units used endowed restricted funds in accordance with donor intent, foundation policies and university directives. We also examined whether new endowed restricted funds were properly established and the appropriateness of transfers to the university.

### 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 assistance, 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 2015 calendar year totaled approximately \$46.3 million, a significant decrease from prior year. Calendar year 2014 transfers totaled \$114 million, 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 2015 calendar year totaled approximately \$39.6 million, reasonably in line with disbursements from prior years. Disbursements for employee compensation/benefits (43 percent) and student assistance (32 percent) accounted for 75 percent of total disbursements.

### Conclusion:

We reviewed a total of 70 endowed restricted funds that had activity in calendar year 2015. These funds were established as eminent scholar, professorship, scholarship, fellowship, research, and "other" funds. For the 70 selected funds, we reviewed their total transaction histories for the review period and then selected 366 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 related to the key administrative processes over the endowed restricted gifts 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 noted issues related to **compliance with donor restrictions and directives**
- ◆ The **foundation will follow-up** with the units as appropriate

# Audit Summary

Foundation Non-Endowed Restricted Gifts  
January 1, 2015 to December 31, 2015

Audit Report # UF-16-682-19  
Issued October 5, 2016

## 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, 2015 through December 31, 2015. The primary objective of this audit was to evaluate controls to determine if university units used non-endowed restricted funds in accordance with donor intent, foundation policies and university directives. We also examined whether new non-endowed restricted funds were properly established and the appropriateness of transfers to the university.

## 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 assistance; 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 2015 calendar year totaled approximately \$42 million, a significant decrease from the prior year. Calendar year 2014 transfers totaled 109 million, due to the foundation transferring all spendable cash balances to the university in coordination with the university's investable cash consolidation strategy. Total calendar year 2015 disbursements from non-endowed restricted funds were approximately \$39 million (excluding disbursements by other Direct Support Organizations). Disbursements for employee compensation/benefits (36 percent), equipment/supplies (14 percent), student assistance (12 percent) and contractual services (12 percent) accounted for 74 percent of total disbursements.

## Conclusion:

We reviewed a total of 30 non-endowed restricted funds that had activity in calendar year 2015. Non-endowed funds tend to be less restrictive, so we judgmentally selected funds that had specific restrictions. These funds were established as professorship, scholarship, fellowship, research, and "other" funds. For the 30 selected funds, we reviewed their total transaction histories for the review period and selected 172 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 related to the key administrative processes over the non-endowed restricted gifts 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 intent and directives**
- ◆ The **foundation will follow-up with the units** as appropriate

## Audit Summary

President's Business, Travel and Entertainment Expenses  
January 1, 2016 to June 30, 2016

Audit Report # UF-17-690-08  
Issued November 17, 2016

### Objective:

The Office of Internal Audit conducted an audit of the business, travel and entertainment expenses for the president and his spouse for the period January 1, 2016 through June 30, 2016. 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.

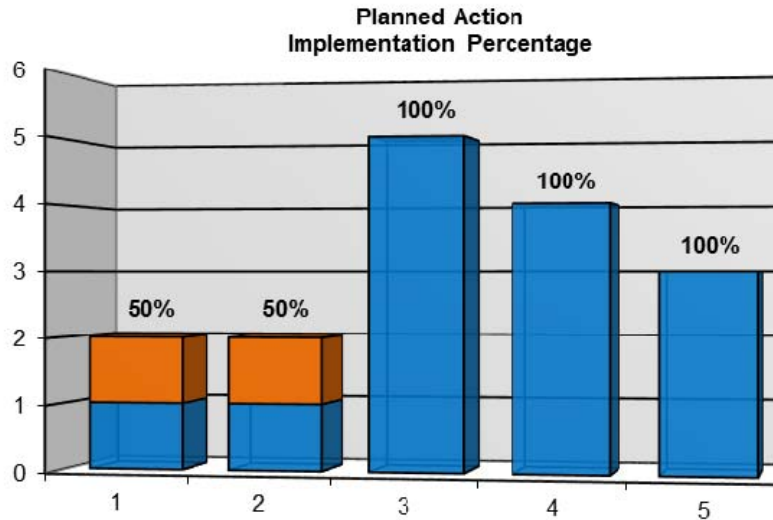
To comply with the employment agreement, the Chair elected to have two Board members review the President's expenses after records supporting those expenses have been audited by the university's Office of Internal Audit. The two Board members selected for this review are the Board Vice-Chair and the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

### Conclusion:

For the six month period reviewed, the university paid President Fuchs' business, travel and entertainment expenses totaling \$44,245. These expenses included commercial airfare, use of University Athletic Association planes, lodging, meals, ground transportation, and other miscellaneous expenses. 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, 2016 through June 30, 2016, 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.

**University of Florida Office of Internal Audit**  
**Follow-up Statistics as of September 30, 2016**  
**(April 1, 2016 - September 30, 2016)**



- |  |                       |
|--|-----------------------|
| 1. Academic Affairs<br>2. Chief Financial Officer<br>3. IFAS | 4. Research<br>5. UAA |
|--|-----------------------|

Oversight by	Total	Balance	Statistics for April 1, 2016 through September 30, 2016				
	Outstanding as of 9/30/16	Due in Subsequent Quarters	Follow Up Due and Reviewed	Implemented	In process (extended)	Follow-Up Ceased	Percent Implemented
Academic Affairs	2	-	2	1	1	-	50%
Chief Financial Officer	2	-	2	1	1	-	50%
Chief Information Officer	2	2	-	-	-	-	N/A
IFAS	5	-	5	5	-	-	100%
Research	4	-	4	4	-	-	100%
Athletic Association	6	3	3	3	-	-	100%
UF Foundation	1	1	-	-	-	-	N/A
<b>Totals</b>	<b>22</b>	<b>6</b>	<b>16</b>	<b>14</b>	<b>2</b>	<b>-</b>	<b>88%</b>

**University of Florida Office of Internal Audit  
Summary of Significant Comment  
Period ending September 30, 2016  
(First Quarter)**

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

**CITRUS RESEARCH AND DEVELOPMENT FOUNDATION INC., UF-15-647-01  
ISSUED JULY 24, 2015**

**COMMENT 4 – CONFLICTS OF INTERESTS:** The Foundation has developed a Conflict of Interest (COI) policy that required interested persons (director, principal officer or member of committee) with governing board delegated powers to disclose any potential conflicting financial interests. The purpose of the policy is to protect the organization's interest when contemplating entering into transactions or arrangements that might benefit private interests of the interested parties. The Board has the responsibility to determine whether a conflict actually exists. Adequate documentation should be maintained to demonstrate that the due diligence was performed and the conflict was handled in accordance with the policy established by the Foundation.

In our testing we noted that the annual statements were not always submitted in a timely manner, did not always provide sufficient information for an appropriate assessment of the potential conflict of interest, and documentation did not always exist to determine that they were properly evaluated by the Board.

Management will enhance procedures to be in compliance with the COI policy by improving annual statement collection and monitoring procedures. Management will have the Board document its review of the annual statements and the resulting management plans to demonstrate conflicts were evaluated and adhere to the Foundation's policies.

We observed that CRDF has enhanced their procedures over the annual collection and monitoring of disclosure forms. We noted that the collection for the revised 2016-2017 COI forms were all completed. We also observed in the July 2016 BOD minutes that the conflicts were identified and presented to the Board. Monitoring of conflicts has been assigned to appropriate staff in accordance with the revised COI policy. – **Implemented**

**INDUSTRY-SPONSORED CLINICAL TRIALS, UF-16-665-02**  
**ISSUED APRIL 28, 2016**

**COMMENT 1 – FUNDING FOR CLINICAL TRIALS:** The majority of clinical trials, and all industry-sponsored trials, operated on a cash basis. This means that budget or authority to spend money from the associated project was only granted when funds (revenues) were received. Cost consistently exceeded the revenue stream in the early life of the clinical trials, and it was typical to incur expenses prior to receipt of any funding from the sponsor.

Using a cash-based funding model for the industry-sponsored clinical trials requires individual units to find alternate funding methods for expenses that are incurred prior to revenues being received. The current structure results in additional effort to track and transfer the expenses, and is a significant source of frustration to the units. It also hindered units from being able to realistically track the profitability of their clinical trials.

Effective April 2016, the College of Medicine and Office of Research leadership allowed non-federal clinical trials managed in fund 214 to run in overdraft (deficit). All charges will post regardless of budget availability. The unit's administration will be responsible to cover any overdraft when the project is closed. Only non-federal trials that are per-patient based or per-event based are allowed to operate in fund 214. Existing projects were permitted to close out and transfer to a new project code if desired. – **Implemented**



**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
**Year Ended 2016**

	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?	
<b>DIRECT-SUPPORT ORGANIZATIONS</b>							
1. University of Florida Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
2. University of Florida Research Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
3. The University Athletic Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	Yes
4. Gator Boosters, Inc.	June 30, 2016	Unmodified	No	No	No	No	Yes
5. The University of Florida Law Center Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
6. Florida Foundation Seed Producers, Inc.	June 30, 2016	Unmodified	No	Yes	No	Yes	Yes
7. Florida 4-H Club Foundation, Inc.	March 31, 2016	Unmodified	No	No	No	No	Yes
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
9. Citrus Research and Education Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
10. Citrus Research and Development Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2015	Unmodified	No	No	No	No	No
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
13. University of Florida Alumni Association, Inc. (1)	June 30, 2016	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2016	Unmodified	No	No	No	No	No
15. University of Florida Historic St. Augustine	June 30, 2016	Unmodified	No	No	No	No	No
16. University of Florida Development Corporation	June 30, 2016	Unmodified	No	No	No	No	Yes
17. GatorCare Health Management Corporation	June 30, 2016	Unmodified	No	No	No	No	Yes
<b>HEALTH SCIENCE CENTER AFFILIATES</b>							
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2016	Unmodified	No	No	No	No	No
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2016	Unmodified	No	No	No	No	Yes
4. Florida Health Professions Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	Yes
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	Yes
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	Yes
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
8. Faculty Clinic, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
<b>OTHER AFFILIATED ORGANIZATIONS</b>							
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2016	Unmodified					
2. Shands Jacksonville Healthcare, Inc.	June 30, 2016	Unmodified					
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2016	Unmodified	No	No	No	No	No
	Year Ended	Opinion	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)				
			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?
<b>AFFILIATED ORGANIZATION</b>							
University of Florida Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
Citrus Research and Development Foundation, Inc.	June 30, 2016	Unmodified	No	No	No	No	No
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2016						
Shands Jacksonville Healthcare, Inc.	June 30, 2016						

(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 the notes to UFF's Financial Statements.



**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
**Year Ended 2016**

	Control Deficiencies and/or Management Comments 2015?	Control Deficiencies and/or Management Comments 2016?	Repeat Finding(s) from Prior Year?	Summary of Repeat Finding(s)
<b>DIRECT SUPPORT ORGANIZATIONS</b>				
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.	No	Yes	No	
7. Florida 4-H Club Foundation, Inc.	Yes	Yes	No	
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. <b>(1)</b>	(1)	(1)	(1)	
14. University of Florida Investment Corporation	No	No	N/A	
15. University of Florida Historic St. Augustine	No	No	N/A	
16. University of Florida Development Corporation	No	Yes	N/A	
17. GatorCare Health Management Corporation	Yes	Yes	No	
<b>HEALTH SCIENCE CENTER AFFILIATES</b>				
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)	No	Yes	No	
4. Florida Health Professions Association, Inc.	No	Yes	No	
5. University of Florida College of Nursing Faculty Practice Association, Inc.	Yes	Yes	No	
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	No	Yes	No	
7. Florida Veterinary Medicine Faculty Association, Inc.	No	No	N/A	
8. Faculty Clinic, Inc.	No	No	N/A	
<b>OTHER AFFILIATED ORGANIZATIONS</b>				
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	No		N/A	
2. Shands Jacksonville Healthcare, Inc.	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 the notes to UFF's Financial Statements.

**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
**Year Ended 2016**

	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 2016		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))
<b>DIRECT-SUPPORT ORGANIZATIONS</b>									
1. University of Florida Foundation, Inc.	June 30, 2016	1,763,604,612	1,763,604,612	1,799,366,703	99,206,007	1,700,160,696	130,168,794	193,612,710	(63,443,916)
2. University of Florida Research Foundation, Inc.	June 30, 2016	94,715,428	94,715,428	117,249,897	21,111,410	96,138,487	38,503,386	37,080,327	1,423,059
3. The University Athletic Association, Inc.	June 30, 2016	165,120,404	165,120,404	327,047,513	169,595,995	157,451,518	144,518,481	152,187,367	(7,668,886)
4. Gator Boosters, Inc.	June 30, 2016	1,004,729	1,004,729	7,061,516	6,040,410	1,021,106	43,082,462	43,066,085	16,377
5. The University of Florida Law Center Association, Inc.	June 30, 2016	7,168,225	7,168,225	1,648,342	28,840	6,121,385	805,256	1,852,096	(1,046,840)
6. Florida Foundation Seed Producers, Inc.	June 30, 2016	5,748,377	5,748,377	13,058,339	6,477,300	6,581,039	1,440,975	608,313	832,662
7. Florida 4-H Club Foundation, Inc.	March 31, 2016	3,192,508	3,192,508	3,082,832	60,532	3,022,300	2,316,164	2,486,372	(170,208)
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2016	118,989	118,989	126,319	1,080	125,239	59,685	53,435	6,250
9. Citrus Research and Education Foundation, Inc.	June 30, 2016	1,020,486	1,020,486	873,179	35,915	837,264	656,373	839,595	(183,222)
10. Citrus Research and Development Foundation, Inc.	June 30, 2016	1,843,813	1,843,813	6,164,863	1,099,428	5,065,435	15,238,301	12,016,679	3,221,622
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2015	1,023,772	1,023,772	1,672,602	680,794	991,808	3,635,668	3,667,632	(31,964)
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2016	165,005	165,005	149,495	0	149,495	2,036	17,546	(15,510)
13. University of Florida Alumni Association, Inc. (1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2016	525,440	525,440	2,796,302	2,421,365	374,937	3,903,815	4,054,318	(150,503)
15. University of Florida Historic St. Augustine	June 30, 2016	1,749,513	1,749,513	2,192,777	132,656	2,060,121	848,740	538,132	310,608
16. University of Florida Development Corporation	June 30, 2016	12,865,173	12,865,173	12,391,193	380,414	12,010,779	1,310,033	2,164,427	(854,394)
17. GatorCare Health Management Corporation	June 30, 2016	189,724	189,724	47,883,921	47,419,832	464,089	1,253,905	979,540	274,365
<b>HEALTH SCIENCE CENTER AFFILIATES</b>									
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2016	129,047,086	129,047,086	189,069,851	42,660,317	146,409,534	564,633,509	547,271,061	17,362,448
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2016	55,195,761	55,564,852	84,390,241	24,884,978	59,505,263	252,504,907	248,564,496	3,940,411
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2016	8,795,993	8,795,993	12,753,493	258,156	12,495,337	19,687,301	15,987,957	3,699,344
4. Florida Health Professions Association, Inc.	June 30, 2016	4,057,463	4,057,463	5,406,271	15,238	5,391,033	6,803,251	5,469,681	1,333,570
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2016	4,419,816	4,419,816	4,173,393	0	4,173,393	913,813	1,160,236	(246,423)
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2016	2,157,447	2,157,447	5,182,103	2,024,465	3,157,638	10,894,054	9,893,863	1,000,191
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2016	8,794,320	8,794,320	10,573,702	1,136,667	9,437,035	9,550,469	8,907,754	642,715
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2016	369,091	0	0	0	0	0	0	0
9. Faculty Clinic, Inc.	June 30, 2016	1,533,888	1,533,888	4,407,356	2,861,892	1,545,464	1,517,403	1,505,827	11,576
<b>OTHER AFFILIATED ORGANIZATIONS</b>									
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (In Thousands)	June 30, 2016	870,441	870,441	2,210,023	1,275,585	934,438	1,391,179	1,327,182	63,997
2. Shands Jacksonville Healthcare, Inc. (In Thousands)	June 30, 2016	169,213	169,213	575,313	383,957	191,356	692,090	669,947	22,143
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2016	147,753,903	147,753,903	247,084,326	90,455,617	156,628,709	16,391,637	7,516,831	8,874,806

(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 the notes to UFF's Financial Statements.

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**University Athletic Association, Inc.**

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

***Booster contribution levels*** - During the 2016 audit, we obtained a report of seats sold for the 2016 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, who then followed up on these findings to collect or resolve the deficiencies. We performed the procedure and noted a total deficiency of booster contributions collected below the required minimum booster contributions of approximately \$5,000. Subsequent to our audit fieldwork, these issues have been resolved by either the Ticket Office or Gator Boosters, Inc. We have performed the procedure for several years and the deficiency has decreased from the initial amount of \$22,000 during the 2011 audit.

***IT user controls*** - During our review of UltiPro application controls, we noted six employees have the ability to modify application workflows. Workflows are used to enforce segregation of duties within the application. This level of access allows each user to circumvent the current applications controls. We recommend that management restrict the ability to modify workflows or implement a detective control to mitigate the risk of inappropriate activity.

***Source:*** 2016 UAA SAS 114 Letter, Other Significant Matters, Findings or Issues

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**Gator Boosters, Inc.**

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

During the 2016 audit, we obtained a report of seats sold for the 2016 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, who then followed up on these findings to collect or resolve the deficiencies. We performed the procedure and noted a total deficiency of booster contributions collected below the required minimum booster contributions of approximately \$5,000. Subsequent to our audit fieldwork, these issues have been resolved by either the Ticket Office or Gator Boosters, Inc. We have performed the procedure for several years and the deficiency has decreased from the initial amount of \$22,000 during the 2011 audit.

**Source:** 2016 Gator Boosters SAS 114 Letter, Other Significant Matters, Findings, or Issues

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**Florida Foundation Seed Producers**

**Finding 2016-001 Material Weakness**

Finding. The Bookkeeper misposted cash receipts to the accounting records in March, 2016. This resulted in an overstatement of revenues and receivables that was not identified on a timely basis.

Recommendation. We recommend that the subsidiary record for accounts receivable be reviewed on a monthly basis by the Bookkeeper and the Business Manager.

Management's Response:

FFSP management has informed the staff to review the subsidiary record for accounts receivable on a monthly basis. Management will be following recommendations and newly implemented policies to reduce associated risks.

**Source:** 2016 Florida Foundation Seed Producers, Inc., Audit Report, Schedule of Findings

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 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 control and operating efficiency, as listed below. This recommendation does not affect our report dated June 17, 2016.

**Conflict of Interest Forms** - During audit work performed, we noted that signed conflict of interest forms are only required for non-University of Florida employees serving on the Board. We recommend that the Foundation develop and document in writing a policy that will include completion of forms by all Board members and review of forms for accuracy and completeness. The policy should provide for this to be performed annually and we suggest the timing coincide with board rotations. This policy will ensure that the Foundation is practicing acceptable methods of protecting itself from potential self-dealing issues.

***Source:** 2016 Florida 4-H Foundation, Inc. SAS 114 Letter, Comments and Recommendations*

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**GatorCare Health Management, Inc.**

During the audit, we discovered errors in the Florida Blue raw data file and errors in spreadsheet formulas used to calculate the estimate for IBNR. The impact of these errors was immaterial to the overall financial statements, but warrant the attention of management and those charged with governance. The proposed adjustment of \$120,107 to reduce IBNR was not adjusted by management. Management has evaluated the systemic cause for this uncorrected misstatement and has represented to us that they will be implementing checks and balances to ensure proper raw data is obtained and formulas used for the calculation of IBNR are correct. These checks and balances include formulas that will be built into the manipulated raw data file to provide for an efficient and timely review process.

*Management's Response: Management concurs with the finding and has implemented internal controls to ensure the raw data file is maintained properly.*

**Source:** 2016 GatorCare Health Management, Inc. SAS 114 Letter, Uncorrected and Corrected Mistakes

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**Faculty Associates, Inc.**

*Errant Billing*

It was brought to our attention by management during the course of our audit fieldwork that errant medical billings in one specific clinic had been discovered during the fiscal year. These errant billings are primarily related to incorrect coding of two medical codes, over the course of six years, including the 2016 fiscal year. Prior to the start of preliminary audit fieldwork, management had issued refunds for errant billings totaling approximately \$165,000. This is believed by management to be the majority of errant billings in this clinic over the course of the six years identified; however, management is continuing to review such billings to ensure errors are identified and corrected. Management was able to refund and rebill for errant billings discovered during the 2016 fiscal year. Management also implemented additional processes and procedures to mitigate these risks going forward including the addition of a qualified medical coder to verify and enter appropriate medical charges in this clinic.

**Source:** 2016 Faculty Associates, Inc. SAS 114 Letter, Other Findings or Issues



**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**Florida Health Professions Associations, Inc.**

During our audit we identified the following matters:

**Clinical and Health Psychology (CHP) Clinic Year-end Closeout**

During the year we noted that activity was posted to the CHP billing system, NERVE, for prior year activity after the year was closed. Approximately \$10,000 of write-offs and/or adjustments were posted to prior years resulting in potentially overstated net income and accounts receivable in the prior year. Further, the Association performs a reconciliation of payments recorded in NERVE to actual deposits to ensure the accuracy and completeness of payments. In the current year, there was an unreconciled difference of approximately \$4,000 which appears to have resulted from timing differences. We recommend management develop controls over year-end closing procedures in the CHP department to ensure all activity is posted in the proper year on a timely basis.

**Speech, Language, and Hearing (SLH) Clinic Accounts Receivable**

As of June 30, 2016, exempt accounts receivable includes approximately \$82,000 due from Medicaid for SLH services under Managed Medical Assistance (MMA) plans, of which \$31,000 has not yet been billed. The MMA plan administrator, Prestige, denied payments for new hearing devices and repairs due to credentialing problems with providers. Management has been in discussions with Prestige, and believes the full amount is collectible. No allowance has been established.

**Source:** 2016 Florida Health Professions Associations, Inc. SAS 114 Letter, Other Audit Findings or Issues

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 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, 2016.

*Cross-training* - In performing our audit, we noted that in general certain key positions do not have sufficient backup support. We recommend that all key responsibilities be documented and staff are cross-trained in order to facilitate personnel transitions or unexpected leave of absence. We note that staff have begun the documentation of key responsibilities for certain management positions, and recommend they continue to work towards satisfying this important management continuity tool.

**Source:** 2016 University of Florida Nursing Faculty Practice Association, Inc. SAS 114 Letter, Comments and Recommendations

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**University of Florida College of Pharmacy 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 30, 2016.

- **Recommendation**

*Invoice description* – In performing our audit work on revenue, we noted invoices do not consistently state the service period associated with the invoice; and instead state an installment number. We recommend as a best practice that all invoices state the applicable service period to ensure reliable cutoff at year-end and also avoid any discrepancies at the end of a contract.

*Management response* – MTM has agreed to revise their monthly procedures to include the month of service billed (and installment number per contract) on invoices going out to their customers. This information is ultimately captured and recorded to QuickBooks.

**Source:** 2016 University of Florida College of Pharmacy Faculty Practice Association, Inc. SAS 114 Letter, Comments and Recommendations

**Audits of Support Organizations  
Findings and Deficiencies  
2015-16 Fiscal Year**

**University of Florida Development Corporation**

In planning and performing our audit, we noted the following matters that we consider an opportunity for strengthening internal controls and operating efficiency, as listed below. These recommendations do not affect our report dated October 27, 2016.

**Property Tax Accrual**—We noted that no accrual for property taxes was made for fiscal year 2016, resulting in an inconsistent treatment with the prior year and a material understatement of accrued property tax liability and property tax expense. We recommend that management develop a consistent policy for recording accrued property taxes, as this is a significant expense for the Organization.

**Adjusting Entries after Close**—We received several adjusting journal entries subsequent to receiving the Organization's trial balance at the beginning of the audit, several of which were material. We recommend that management strive to reconcile all balances before the audit begins to maximize efficiency.

*Source: 2016 University of Florida Development Corporation SAS 114 Letter, Comments and Recommendations*

**UNIVERSITY OF FLORIDA  
OFFICE OF INTERNAL AUDIT  
2016-2017 REVISED WORK PLAN - MIDYEAR**

AUDITS & REVIEWS	2016-2017
<del>Agricultural Research &amp; Extension – IFAS Global</del>	*
Fiscal & Financial Management – Electronic Transfers	*
Fiscal & Financial Management – President’s Business, Travel and Entertainment Expenses	*
Fiscal & Financial Management – Shared Service Centers	*
Institutional Support – Control Self-Assessment Validation	*
Institutional Support – Enterprise Compliance Programs	*
Institutional Support – Performance Based Funding	*
Institutional Support – Strategic Planning Measures	*
Information Resource Management – Research Computing	*
Information Resource Management – Student Systems Implementation	*
Other Support – Gator Boosters	*
Other Support – UAA Off-Campus Recruiting	*
Other Support – UAA Sport Camps	*
Other Support – UFF Endowed Restricted Gifts	*
Other Support – UFF Information Technology General Controls	*
Other Support – UFF Non-Endowed Restricted Gifts BA	*
Personnel Administration – Employee Leave Administration	*
Research Administration – Effort Reporting	*
Research Administration – Emerging Pathogens Institute	*
<del>Research Administration – Research Misconduct</del>	*
<b>TOTAL PROJECTS</b>	<b>20 18</b>

**UNIVERSITY OF FLORIDA  
OFFICE OF INTERNAL AUDIT  
2016-2017 REVISED WORK PLAN - MIDYEAR**

<b>AUDITS &amp; REVIEWS</b>		<b>2016-2017</b>
<b>PRIOR YEAR PROJECTS FOR COMPLETION</b>		
Fiscal & Financial Management – Contract & Grants Accounting and Reporting		*
Information Resource Management – Decentralized IT, College of Liberal Arts & Sciences		*
Institutional Support – Hazardous Materials		*
Other Support – UAA Ticket Office		*
Other Support – UFF Endowed Restricted Gifts		*
Other Support – UFF Legal Compliance		*
Other Support – UFF Non-Endowed Restricted Gifts		*
Research Administration – Research Participant Payments		*
<b>TOTAL PRIOR YEAR PROJECTS</b>		<b>8</b>
<b>TOTAL PROJECTS</b>		<b>28 26</b>

**\* - New Projects / Scope Changes (None)**

**\* - Projects Postponed/Cancelled**

## Charter

### Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### Mission and Scope of Work

The mission of the Office of Internal Audit (OIA) is to provide independent, objective assurance and consulting services, using a risk-based approach, to add value and improve the operations of the University of Florida and its affiliated organizations, including its direct support organizations and Faculty Practice Plan corporations. The OIA will serve as a central point for coordination of and oversight for activities that promote accountability, integrity, and efficiency in the operations of the university, and compliance.

The scope of work of the OIA is to determine whether the university's network of risk management control and governance processes, as designed and represented by management, are adequate and functioning in a manner to promote:

- Risks impacting the achievement of the university's strategic objectives are appropriately identified and managed
- Interaction with the various governance groups occurs as needed
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Resources are acquired economically, used efficiently, and protected adequately
- Achievement of programs, plans, and objectives
- Quality and continuous improvement in the university's controls process
- Recognition and appropriate action relative to significant legislative or regulatory issues impacting the university

Opportunities for improving management control may be identified during audits. They will be communicated to the appropriate level of management.

### Organization, Independence and Authority

This charter, which defines the duties and responsibilities of the Chief Audit Executive (CAE) and the OIA, derives its authority through adoption by the Committee on Audit and Operations Review. This charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices.

To provide for the independence of the OIA, its staff report to the ~~Chief Audit Executive (CAE)~~, who is appointed by and operates under the general oversight of the university President. The CAE reports administratively to the university President and to the Senior Vice President and Chief Operating Officer, and reports functionally to the Board of Trustees through its Committee on Audit and Operations Review as to the process and content of its reports. This reporting relationship promotes independence and assures adequate consideration of audit findings and planned actions.

The CAE and staff of the OIA are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Committee on Audit and Operations Review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the university where they perform audits, as well as other specialized services from within or outside the university (other universities, federal, state or local government entities).

The CAE and staff of the OIA are not authorized to:

- Perform any operational duties for the university or its affiliated organizations.
- Initiate or approve accounting transactions external to the OIA.
- Direct the activities of any university employee not employed by the OIA, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the OIA staff.

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## Accountability

The CAE, in the discharge of his/her duties, shall be accountable to management and the Committee on Audit and Operations Review to:

- Provide assessments on the adequacy and effectiveness of the university's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work
- Report significant issues related to the processes for controlling the activities of the university and its affiliated organizations, including potential improvements to those processes, and provide information concerning such issues through resolution
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources. [Inform the Committee on Audit and Operations Review when contracting for specific instances of audit or investigative assistance.](#)
- Coordinate activities with other control and monitoring functions (e.g., risk management, compliance, security, information technology legal, ethics, environmental, and external audit) to promote proper coverage and minimize duplication of efforts
- Communicate the results of the quality assurance and improvement program [and the external quality assessment review.](#)

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## Duties and Responsibilities

- Develop a flexible ~~annual-three-year~~ audit [work](#) plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the [Board of Trustees for approval. The flexible audit work plan will be revised annually and approved by the](#) Committee on Audit and Operations Review. [Approved audit work plans will be provided to the Board of Governors.](#)
- Implement the ~~annual~~ audit plan as approved, including any appropriate special tasks or projects requested by management and the Committee on Audit and Operations Review.
- Conduct and coordinate audits, investigations, and management reviews ~~relating to which promote economy, efficiency, and effectiveness in~~ the [administration of](#) programs and operations of the university and its affiliated organizations. [A copy of final audit reports will be provided to the Board of Governors.](#)
- Perform, or coordinate, other consulting services or activities carried out or financed by the university for the purpose of assisting management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations. These may include facilitation, training and advisory services.
- Issue periodic reports to the Committee on Audit and Operations Review and management summarizing results of audit activities.
- [Provide and maintain a mechanism \(third-party hotline\) whereby university staff, faculty, students and trustees, and the general public may anonymously report allegations of improprieties related to the university.](#)
- Receive complaints and coordinate all activities of the university as required by the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes.
- In accordance with the university's Policy on Fraudulent and Dishonest Acts, receive and consider complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews ~~as appropriate~~ [pursuant to the Standards for Complaint Handling and](#)



#### Investigations for the State University System of Florida.

- Keep the ~~university~~ President, the Senior Vice President and Chief Operating Officer, management ~~and the Committee on Audit and Operations Review~~ for the university's Board of Trustees informed concerning significant and credible allegations and known occurrences of waste, fraud, mismanagement, abuses, and internal control deficiencies relating to programs and operations; ~~and~~ facilitate initiation of corrective actions; ~~and~~ report on the progress made in implementing corrective actions.
- Consider the scope of work and ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies and external auditors with a view toward avoiding duplication.
- Review, as appropriate, rules and procedures relating to the programs and operations of the university and make recommendations concerning their impact.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Confirm to the Committee on Audit and Operations Review, at least annually, the organizational independence of the OIA.
- Develop and maintain a quality assurance and improvement program covering all aspects of the OIA and communicate the results of the quality assurance and improvement program to management and the Committee on Audit and Operations Review. This program shall include an external quality assessment review conducted at least once every five (5) years. The external quality assessment report and any related improvement plans shall be presented to the Committee on Audit and Operations Review, with a copy provided to the Board of Governors.
- Keep the Committee on Audit and Operations Review informed of emerging trends and successful practices in internal auditing.
- By September 30<sup>th</sup> of each year, Prepare and provide an annual report with significant measurement goals and results summarizing the activities of the OIA for the preceding year. The report shall be provided to the President, the Committee on Audit and Operations Review, and the Board of Governors.

In the performance of these services, the Office of Internal Audit will ensure that an appropriate balance is maintained between audit, investigative, and other activities. Detailed operational procedures for the OIA will be established and maintained.

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## Standards of Audit Practice

The OIA will meet or exceed the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. As appropriate given the engagement, the OIA may also follow Government Auditing Standards (published by the United States Government accountability Office) or the Information Systems Auditing Standards (ISACA, Information Systems Audit and Control Association).

The OIA staff members have a responsibility to the interest of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the Institute of Internal Auditors Code of Ethics.

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