UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE MINUTES
December 14, 2017
President's Room 215B, Emerson Alumni Hall
University of Florida, Gainesville, FL
Time Convened: 2:08 p.m. EST
Time Adjourned: 2:55 p.m. EST

1.0   Verification of Quorum
Interim Vice President and General Counsel Amy M. Hass verified a quorum with all members present except Trustee David Thomas, who attended via phone.

Members present were:
Marsha D. Powers (Chair), James W. Heavener, W. Smith Meyers, David M. Quillen, Robert G. Stern, and David M. Thomas (by phone).

Others present were:
W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charles Lane, Senior Vice President and Chief Operating Officer; David Guzick, Senior Vice President for Health Affairs and President of UF Health; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Brian Mikell, Chief Audit Executive; Elizabeth Ruszczyk, Chief Privacy Officer; Joe Cannella, Audit Director; Alan West, Assistant Vice President/Controller; Denita Tyre, Florida Auditor General Audit Supervisor; and other members of the Board of Trustees, the President's Cabinet, the university community, the public and the media.

2.0   Call to Order
Committee Chair Marsha D. Powers called the meeting to order at 2:08 p.m. EST and welcomed all Trustees and everyone in attendance at the meeting.

3.0   Review and Approval of Minutes
Committee Chair Powers asked for a motion to approve the minutes of the June 8, 2017 Committee meeting, which was made by Trustee Meyers, and a second, which was made by Trustee Quillen. The Committee Chair asked for further discussion, and then all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0   Action Items
    AO1. University of Florida Committee Name Change and Charter Revision.
Sr. Vice President Charlie Lane reviewed the proposed revisions to the Committee Charter: the name change to the Audit and Compliance Committee and the additional governance responsibilities required by Florida Board of Governors regulation 4.003, State University System Compliance and Ethics Programs, to include providing governance oversight of a university-wide compliance program.

The Committee Chair asked for a motion to approve Committee Action Item AO1 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Quillen, and a second, which was made by Trustee Thomas. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

    AO2. University of Florida Compliance Office Charter and Program Plan
Executive Associate Vice President and Chief Privacy Officer Elizabeth Ruszczyk reviewed the Compliance Office Charter and Program Plan, including governance/oversight, policies and standards of conduct, communications and reporting, training and education, auditing and monitoring, addressing known or potential issues, enforcing standards, and program effectiveness.

Trustee Rahul Patel asked for a motion to approve adding compliance of the University and its affiliates to the enhanced governance standards. It was agreed that this will be incorporated into the Program Plan. With this addition, Committee Chair Powers asked for a motion to approve Committee Action Item AO2 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Quillen, and a second, which was made by Trustee Stern. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

    **AO3. University of Florida Performance Based Funding – Data Integrity (Audit Report)
        and Performance Based Funding Data Integrity Certification.**
Chief Audit Executive (CAE) Brian Mikell explained that the Performance Based Funding – Data Integrity audit is required by the Board of Governors in support of its Performance Based Funding Model, and was conducted by the Office of Internal Audit. The audit examines the control structure in place designed to ensure the completeness, accuracy and timeliness of data submissions to the Board of Governors related to the performance based metrics. The results of this audit will be presented to the Board of Trustees for approval, upon recommendation of the Committee.

CAE Mikell further explained that the Board of Governors also requires each University President to execute a Performance Based Funding Data Integrity Certification providing assurances that the data submitted to the Board of Governors for performance based funding decision-making is reliable, accurate, and complete. This form will be presented to the Board of Trustees for approval and to the Board of Trustees Chair for certification.

The Committee Chair asked for a motion to approve Committee Action Item AO3 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Stern, and a second, which was made by Trustee Meyers. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The following Discussion/Informational Items were then addressed by the Committee:

5.0   Discussion/Information Items
5.1   Update on External Audits

Denita Tyre of the Auditor General's Office appeared before the Committee and provided an oral report on external audit activity. With regard to current audit projects, Ms. Tyre reported the following:

- <u>Operational Audit for the 2016-2017 fiscal year</u>. This audit is conducted at least every three (3) years, per statute. It has objectives relating to internal controls, compliance with state and university rules and regulations, and operational processes. The AG's office is in process of completing the 2016 CY audit.

- <u>Financial Statement Audit for the 2016-2017 fiscal year</u>: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. The audit should be completed and released in the near future.

- <u>Federal Audit for the 2016-2017 fiscal year</u>: This Federal Compliance audit is conducted and reported as part of a statewide audit. The audit will cover both Student Financial Aid (as a major program cluster) and Research and Development (not a major program for 16-17). Ms. Tyre indicated that Research and Development will be considered a major program in the subsequent year (2017-2018). Ms. Tyre indicated that the report will likely be released by end of March 2018.

- <u>Bright Futures Audit:</u> This audit is also conducted on a statewide basis and covers a two-year period. The current project, covering the 2015-2016 and 2016-2017 fiscal years, will be conducted during the upcoming audit cycle.

5.2   Audits and Other Reviews

CAE Brian Mikell presented the internal audit projects that have been issued since the last Committee meeting:

1) UAA Off-Campus Recruiting Compliance
2) Gator Boosters Internal Controls
3) Foundation Information Technology General Controls
4) UFF Legal Function
5) Hazardous Materials
6) President's Business, Travel and Entertainment Expenses
7) Performance Based Funding – Data Integrity

The reports and summaries had been previously provided to the Committee for detailed review, were briefly discussed, and questions from the Committee were answered.

5.3   Quarterly Follow-up
CAE Mikell reported on the follow-up status of comments and action plans from previously issued internal and other audits. Mr. Mikell explained the purpose and objectives for the follow-up process and discussed some of the more significant action plans in detail. After discussion it was agreed, that OIA would continue to follow-up on Foreign Travel Registration to ensure compliance.

Trustee Hosseini noted that foreign travel is an important issue for the state legislature and he requested that CAE Mikell provide additional information on controls in place to ensure compliance with foreign travel requirements at a future time.

5.4   Audits of Affiliated Organizations
Assistant Vice President/Controller Alan West provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. Mr. West discussed the schedules and answered questions from the Committee.

5.5   2017-2018 Annual Audit Plan Revisions
CAE Mikell explained the audit risk assessment process that culminated in a three-year work plan for 2016-2019, which was approved by the Board of Trustees in June 2016. The work plan is a fluid document and is adjusted every six months based on changing risks and resource constraints. The 2017-2018 fiscal year is the second year of the plan, and mid-year adjustments to the current year's work plan were presented and discussed with the Committee.

In response to questions from the Trustees, Brian Mikell provided information on how the OIA itself is audited. The Committee acknowledged and agreed with the proposed changes to the work plan.

5.6   2016-2017 OIA Annual Report
CAE Mikell discussed the purpose of the Office of Internal Audit's Annual Report. Copies of the Annual Report for the 2016-2017 fiscal year were provided to the committee.

6.0   New Business
No new business was discussed.

7.0   Adjourn
After asking for any further discussion and hearing none, Committee Chair Powers asked for a motion to adjourn, which was made by Trustee Stern, and a second, which was made by Trustee Heavener, and, with no further discussion desired, the motion was passed unanimously and the University of Florida Committee on Audit and Operations Review meeting was adjourned at 2:57 p.m. EST.

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
EXECUTIVE SUMMARY
December 14, 2017

The Committee will discuss and act on the following Action Items for recommendation to the Board for its approval on the Consent Agenda.

- AO1. Committee Name Change and Charter Revision
- AO2. Compliance Office Charter and Program Plan
- AO3. UF Performance Based Funding - Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification

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 her 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
    - discuss 2017-2018 annual audit plan revisions
    - review the 2016-2017 OIA annual report
- The committee will receive information from the CFO's office on the status of audits of university-affiliated support organizations

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UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE AGENDA
December 14, 2017
~2:10 p.m. EST
President's Room 215B, Emerson Alumni Hall
University of Florida, Gainesville, FL

<u>Committee Members:</u>

Marsha D. Powers (Chair), James W. Heavener, W. Smith Meyers, David M. Quillen, Robert G. Stern, David M. Thomas

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
        June 8, 2017

4.0   Action Items ....Marsha D. Powers, Chair
        AO1   Committee Name Change and Charter Revision
        AO2   Compliance Office Charter and Program Plan
        AO3   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   2017-2018 Annual Audit Plan Revisions .... Office of Internal Audit
        5.6   2016-2017 OIA Annual Report.. 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
June 8, 2017
President's Room 215c, Emerson Alumni Hall
University of Florida, Gainesville, FL
Time Convened: 12:19 p.m. EDT
Time Adjourned: 12:59 p.m. EDT

1.0   Verification of Quorum
A quorum was confirmed with all members present, except for Board Chair James W. Heavener and Trustee David M. Quillen.

Members present were:
Marsha D. Powers (Chair), W. Smith Meyers Robert G. Stern, and David M. Thomas

Others present were:
Chief Audit Executive (CAE) Brian Mikell; Audit Director Joe Cannella; Executive Associate Vice President and Chief Compliance Officer (CCO) Elizabeth Ruszczyk; Senior University Counsel for Human Resources, Employment and Labor Ryan R. Fuller; Vice President and CFO Michael McKee; Assistant Vice President and University Controller Alan West; Denita Tyre, Florida Auditor General's Audit Supervisor; and RSM US LLP Sr. Director Jennifer Murtha.

2.0   Call to Order
Marsha D. Powers, Committee Chair, called the meeting to order at 12:19 p.m. EDT and welcomed all Trustees and everyone in attendance at the meeting.

3.0   Review and Approval of Minutes
The Committee Chair asked for a motion to approve the minutes of the March 16, 2017 Committee meeting, which was made by Trustee Stern, and a second, which was made by Trustee Thomas. The Committee Chair asked for further discussion, and then all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0   Committee Final Action Item
      AO1. 2017-2018 Office of Internal Audit Work Plan Revisions
The Office of Internal Audit (OIA) establishes its audit coverage with audit work plans that cover three fiscal years; July 2016 to June 2019 reflects the current three-year audit work plan period. Audit work plans are revised semi-annually in response to changing priorities, conditions, or audit resources.

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Mr. Mikell reviewed the revised audit work plan with the committee. The Committee Chair then asked for a motion to approve Committee Final Action Item AO1, which was made by Trustee Thomas, and a second, which was made by Trustee Stern. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The following Discussion/Informational Items were then addressed by the Committee:

5.0 Discussion/Information Items

5.1 Update on External Audits
Denita Tyre of the Auditor General's Office provided her report to Mr. Mikell, who updated the committee on external audit activity, which included the following:

- The Operational Audit of the University of Florida, covering the calendar year 2016, is almost complete. An exit conference was held with University management and Trustee Powers on May 31.
- Preliminary fieldwork for the financial statement audit of the University for the FYE June 30, 2017, will be starting soon.
- Preliminary fieldwork for the Audit of Federal Awards covering the FYE June 30, 2017 will soon begin. This audit is conducted as part of a statewide Audit of Federal Compliance, and will have a heavy emphasis on Student Financial Aid at the University.
- The Bright Futures Audit, covering the FYE June 30, 2016 and June 30, 2017 will be conducted during the upcoming year. This audit is also conducted on a statewide basis.

5.2 OIA Quality Assessment Review Report
Institute of Internal Audit (IIA) Standards require that an internal audit function must undergo an external quality assessment review at least every five years. The review is also required by new Board of Governors' Regulation 4.002.

The OIA engaged the firm RSM US LLP to conduct the assessment along with a team of chief audit executives from peer institutions. Jennifer Murtha of RSM appeared before the committee and presented the External Quality Assessment Review report of the University's Office of Internal Audit, dated May 30, 2017. Ms. Murtha explained that their report concluded that the OIA generally conforms to IIA Standards, meaning that "…policies, procedures and practices are in place to implement the standards and requirements necessary for ensuring independence, objectivity and proficiency of the internal audit function." Printed copies of the report were provided to the committee members.

5.3 Compliance Program Update
Elizabeth Ruszczyk, Executive Associate Vice President and Chief Compliance Officer (CCO), presented a report on the current status of the University's implementation of a centralized

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compliance program. She explained that the CCO will report administratively to the President and functionally to the Board of Trustees through the Committee on Audit and Operations. The program is required by BOG Regulation to be in place and functional by November 2018.

5.4 Audits of Affiliated Organizations

The committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. University Controller Alan West discussed the schedules and answered questions from the committee.

5.5 Audits and Other Reviews

Mr. Mikell presented the internal audit projects that have been issued since the last Committee meeting:

1) Emerging Pathogens Institute
2) Human Subject Payments
3) President's Business, Travel and Entertainment Expenses (July to December 2016)

The reports and summaries were previously provided to the committee for detailed review. The audits were briefly discussed and questions from the committee were answered.

5.6 Quarterly Follow-up

Audit Director Joseph Cannella reported on the follow-up status of comments and action plans from previously issued internal and other audits.

6.0 New Business

No new business was discussed.

7.0 Adjourn

After asking for any further discussion and hearing none, Committee Chair Powers adjourned the University of Florida Committee on Audit and Operations Review meeting at 12:59 p.m. EDT.

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UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE ACTION ITEM AO1
December 14, 2017

SUBJECT: Committee Name Change and Charter Revision

BACKGROUND INFORMATION

In November 2016, the Florida Board of Governors adopted regulation 4.003, *State University System Compliance and Ethics Programs*, requiring all state universities to implement, by November 2018, university-wide compliance programs. The regulation further requires that the Board of Trustees (BOT) shall assign responsibility for providing governance oversight of the compliance program to the committee of the board responsible for audit and compliance. Accordingly, the BOT *Committee on Audit and Operations Review* will henceforth be known as the *Audit and Compliance Committee*. The committee charter will be revised to reflect the name change and the additional governance responsibilities.

PROPOSED COMMITTEE ACTION

The Committee on Audit and Operations Review is asked to approve the proposed revisions to the committee charter, as presented. The committee is asked to recommend the revised charter, including the name change to *Audit and Compliance Committee*, to the Board of Trustees for its approval on the Consent Agenda.

ADDITIONAL COMMITTEE CONSIDERATIONS

Board of Governors' approval is not required. Submission to the Board of Governors of the new committee charter is required after approval by the Board of Trustees.

Supporting Documentation Included: See attached, Audit and Compliance Committee Charter.

Submitted by: Brian Mikell, Chief Audit Executive and Elizabeth Ruszczyk, Executive Associate Vice President and Chief Compliance Officer

Approved by the University of Florida Board of Trustees, December 15, 2017

_____   _____
James W. Heavener, Chair   W. Kent Fuchs, President and Corporate Secretary

UNIVERSITY OF FLORIDA
BOARD OF TRUSTEES

Board Operations
Adopted: June 13, 2003
Amended: December 6, 2012

AUDIT AND COMPLIANCE COMMITTEE CHARTER

Purpose

The Audit and Compliance Committee assists the Board of Trustees in fulfilling its oversight responsibilities for optimizing the effectiveness of the financial reporting process, ethical business practices, the system of internal control over financial reporting, and oversight of the audit and compliance programs.

Organization/Composition

The Audit and Compliance Committee will be comprised of a minimum of four trustees. The members should be free from any financial or personal conflicts that would interfere with the exercise of their independence with respect to management or the institution. All members of the Audit and Compliance Committee should have a working familiarity with the principles governing higher education, and basic finance and accounting practices, and at least one member must have accounting or related financial management expertise.

The Chairman of the Board of Trustees, recognizing the need for continuity of membership from year to year, shall appoint the members of the Audit and Compliance Committee.

University staff liaisons will include the Vice President and Chief Financial Officer or designee, the Vice President and General Counsel or designee, the Chief Audit Executive, and the Chief Compliance Officer.

Meetings

The Audit and Compliance Committee will meet at least three times annually. Additional meetings may occur as circumstances dictate. The Committee Chair, the Chief Audit Executive, and the Chief Compliance Officer should discuss and finalize the meeting agenda. The meetings are open to the public. The Audit and Compliance Committee will invite members of management, auditors, compliance professionals, and/or others to attend meetings and provide pertinent information as necessary.

Responsibilities and Duties

The Audit and Compliance Committee sets the overall tone for quality financial reporting, sound business risk practices, compliance with applicable state and federal laws and regulations, University regulations and policies, and ethical behavior.

The Audit and Compliance Committee monitors audit processes and compliance program effectiveness, ensures independent communication and information flow for audit and compliance processes, and ensures committee members are knowledgeable and diligent in performing their duties.

The Audit and Compliance Committee strives to ensure that its policies and procedures remain flexible to best react to changing conditions and provide reasonable assurances to the Board that the scope of audit activities and the adequacy of the system of internal controls promote compliance with state and federal laws and regulations, and University regulations and policies. The Audit and Compliance Committee shall make reports to the Board, as it deems necessary.

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General Duties and Responsibilities

The Audit and Compliance Committee shall fulfill its general oversight duties and responsibilities as follows:

- Adopt a formal written charter that has been approved by the full Board of Trustees that specifies scope of responsibility, process, membership, etc. The charter will be reviewed at least every three years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices.

- Maintain minutes or other records of meetings and activities.

- Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.

- Review and monitor implementation of management's response to internal and external audit recommendations and compliance findings.

- Provide other governance oversight as assigned by the Board.

Financial Statements/Internal Controls

The following shall be the principal duties and responsibilities of the Audit and Compliance Committee regarding financial statements:

- Review annual audited financial statements with management and the independent auditors to determine that the independent auditors are satisfied with: (1) the fair presentation of the financial statements, and (2) management's application of conservative accounting principles.
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- Consider independent auditors' judgments regarding the quality, consistency, and appropriateness of financial statements.

- Make inquiries of management and external auditors concerning the adequacy of the University's system of internal controls.

- Require financial management and the independent auditor to discuss with the Audit and Compliance Committee its qualitative judgments about the appropriateness, not just acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the institution.

- Review, accept and recommend for the Board approval the University's annual audit of accounts and records/financial statements and the report on internal controls and compliance.

- Review the programs and policies of the University designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts.

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Internal Audit Function

The Audit and Compliance Committee shall fulfill its duties and responsibilities associated with the internal audit function as follows:

- Review and approve the annual internal audit plan and any significant changes to the internal audit plan.

- Annually, review the staffing levels to fulfill the plans and mission as well as the adequacy of internal audit staff qualifications.

- Approve and periodically (at least every three years) review the internal audit charter and the internal audit function including its independence and authority.

- Inquire of the Chief Audit Executive regarding the adequacy and effectiveness of accounting and financial controls and request recommendations for improvements.

- Review a summary of findings and completed internal audits and a progress report on executing the approved internal audit plan.

- Maintain adequate policies and guidelines for receiving complaints regarding accounting controls and reports of financial fraud. Review significant findings and issues identified as a result of special reviews or whistleblower complaints.

- Inquire of the Chief Audit Executive regarding any difficulties encountered in the course of his/her audits conducted, including any restrictions on the scope of his/her work or access to required information or any lack of cooperation.

- Require the Chief Audit Executive to report in writing annually on activities of the office.

- Inquire of the Chief Audit Executive regarding the Quality Assurance and Improvement Program, including periodic internal and external quality assessment results.

- Review and concur in the appointment, compensation, replacement, reassignment, or dismissal of the Chief Audit Executive.

- Obtain approval from the Board of Governors prior to outsourcing the Chief Audit Executive's entire audit or investigative function.

.Compliance Function

The Audit and Compliance Committee shall fulfill its duties and responsibilities associated with the compliance function as follows:

- Provide governance oversight of the compliance program.

- Review at least every three years and periodically approve the Compliance Charter and any subsequent revisions.

- Review the Chief Compliance Officer's annual report on the effectiveness of the compliance program and approve any compliance work plan revisions.

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- Oversee the development and implementation of employee communication and training activity promoting ethical conduct, compliance with the law, and due diligence to prevent and detect improper conduct.

- Ensure that appropriate and consistent discipline is imposed for violations of the Code of Conduct, UF policies, and legal requirements and that action is taken to prevent similar violations from occurring in the future.

- Inquire of the Chief Compliance Officer regarding any difficulties encountered in the course of the compliance program implementation and monitoring activities, including any restrictions on the scope of his/her work or access to required information or any lack of cooperation.

- Review significant or key compliance findings identified through audits or investigations along with pertinent industry or regulatory updates presented by the Chief Compliance Officer and approve any preventative or corrective measures.

- Review at least once every five years, an external evaluation of the Compliance Program's design and effectiveness and approve any recommendations for program improvements.

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![University of Florida logo]

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE ACTION ITEM AO2
December 14, 2017

SUBJECT: Compliance Office Charter and Program Plan

BACKGROUND INFORMATION

In November 2016, the Florida Board of Governors adopted regulation 4.003, *State University System Compliance and Ethics Programs*, requiring all state universities to implement, by November 2018, university-wide compliance programs consistent with the Code of Ethics for Public Officers and Employees and the Federal Sentencing Guidelines. The university has appointed a Chief Compliance Officer to implement a university-wide compliance program. The regulation further requires Board of Trustees approval for the Compliance Office Charter and the Compliance Program Plan.

PROPOSED COMMITTEE ACTION

The Committee on Audit and Operations Review is asked to approve the Compliance Office Charter and the Compliance Program Plan as presented. The committee is asked to recommend these items to the Board of Trustees for approval on the Consent Agenda.

ADDITIONAL COMMITTEE CONSIDERATIONS

Board of Governors approval is not required. Submission to the Board of Governors is required after approval by the Board of Trustees

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Supporting Documentation Included: See attached, Office of Compliance Charter and UF Compliance Program.

Submitted by: Elizabeth Ruszczyk, Executive Associate Vice President and Chief Compliance Officer

Approved by the University of Florida Board of Trustees, December 15, 2017

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James W. Heavener, Chair   W. Kent Fuchs, President and Corporate Secretary

Compliance Office Charter

This Charter describes the mission, reporting structure, independence, authority, and principal responsibilities of the University of Florida Compliance Office.

Mission

The Compliance Office is dedicated to protecting and promoting the corporate integrity of the University of Florida and serves as a resource to all employees in matters of ethical conduct and compliance with the law.   The Compliance Office provides oversight and guidance on university-wide compliance activities and fosters a culture that embeds the importance of compliant conduct in all university functions. The Compliance Office proactively collaborates with faculty, staff, and various key staff (Compliance Partners) to further this mission.

Reporting Structure and Independence

The Chief Compliance Officer reports functionally to the University of Florida Board of Trustees and administratively to the University Senior Vice President and Chief Operating Officer. Also, the Chief Compliance Officer meets regularly with the University President. This reporting structure promotes independence and objectivity in the performance of the responsibilities of the Chief Compliance Officer function. The Chief Compliance Officer has organizational independence and all activities of the office are to remain free from influence.

Authority

The Compliance Office has the authority to audit or investigate all areas of the University including its Direct Support Organizations, Centers and Institutes, and Health Science Center Affiliates. The Compliance Office has unrestricted timely access to all institutional activities, records, data, personnel, property, and other information in possession or control of the University, including information reported to the University Hotline, as may be necessary to fulfill its responsibilities. Any documents and information reviewed or collected by the Compliance Office shall be handled in a prudent and confidential manner as applicable per laws, regulations and/or University policies and regulations.

Duties and Responsibilities

The Compliance Office and Chief Compliance Officer shall work collaboratively with Compliance Partners to:

- Establish a Program Plan that promotes compliance with applicable laws, regulations, and University policies and regulations. This plan and any subsequent changes shall be approved by the Board of Trustees and a copy provided to the Board of Governors.

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- Foster strong stewardship and management accountability at all levels with the highest standards of honesty and integrity.
- Coordinate general compliance training to employees, faculty, and board members.
- Provide multiple points of contact to address concerns of potential non-compliance or unethical behavior including an avenue for anonymous reporting and appropriately address concerns.
- Conduct audits and risk assessments in accordance with the Compliance Office workplan to help identify risks and assist in managing issues identified.
- Provide continuous assessments of the effectiveness of the Compliance Program.
- Provide compliance advisory services and guidance to management, faculty, and staff.
- Evaluate emerging compliance trends in higher education and implement best practices.
- Coordinate awareness initiatives to ensure that the University community is aware of the Compliance Program, the Compliance Hotline, and Whistleblower Protection Policies.
- Investigate, as necessary, any potential allegation of misconduct in coordination with University Human Resources, Legal Services, Internal Audit and other offices as appropriate.
- Promote and enforce the Program, in consultation with the Senior Vice President and Chief Operating Officer and Board of Trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics. Failures in compliance or ethics shall be addressed through appropriate measures, including education or disciplinary action.
- Initiate, conduct, supervise, coordinate, or refer to other appropriate offices (such as Human Resources, Internal Audit, Title IX, or General Counsel) such inquiries, investigations, or reviews as deemed appropriate and in accordance with University regulations and policies.
- Submit final reports to appropriate action officials.

Chief Compliance Officer

The Chief Compliance Officer shall:

- Have adequate resources and appropriate authority.
- Maintain a professional staff with sufficient knowledge, skills, and experience to ensure an effective Program.
- Utilize approved third-party resources as appropriate to supplement the Program's efforts.
- Communicate routinely to the University of Florida Senior Vice President and Chief Operating Officer, Audit and Compliance Committee, and Board of Trustees regarding Program activities.

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- Conduct and report on compliance activities and inquiries free of actual or perceived impairment to the independence of the Chief Compliance Officer.
- Notify the Senior Vice President and Chief Operating Officer of any unresolved restriction or barrier imposed by any individual on the scope of any inquiry, or the failure to provide access to necessary information or people for the purposes of such inquiry. In such circumstances, the Chief Compliance Officer shall request the Senior Vice President and Chief Operating Officer's assistance in remedying the restrictions.
- Report at least annually on the effectiveness of the Program. Any Program plan revisions, based on the Chief Compliance Officer's report, shall be approved by the Board of Trustees.

Charter Review and Approval

The Compliance Office Charter shall be approved by the UF Board of Trustees and reviewed at least every three years for consistency with applicable regulations, professional standards, and best practices.

Approved by the University of Florida Board of Trustees
(Date)

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UNIVERSITY OF FLORIDA SYSTEM-WIDE COMPLIANCE PROGRAM

INTRODUCTION

The University of Florida (University) recognizes the importance of complying with all applicable federal, state and local laws. To demonstrate the University's commitment to ethical conduct and compliance, the Board of Trustees (BOT) has adopted and implemented a university-wide compliance program (Program). The Program is designed to promote ethical conduct, effectively prevent or detect non-compliance, and maximize compliance with applicable laws and regulations. The Program is consistent with the Code of Ethics for Public Officers and Employees, the Federal Sentencing Guidelines, the Florida Board of Governors Regulations, and the Office of Inspector General (OIG) Program Compliance Guidance. The Program represents the shared vision and commitment to a culture of compliance across the organization with significant interactive involvement from multiple areas.

I.   GOVERNANCE AND HIGH LEVEL OVERSIGHT

The BOT, the UF Audit and Compliance Committee (Committee), and the Chief Compliance Officer (CCO) provide governance and high-level oversight of the Program. A robust network of senior leaders, herein referred to as "Compliance Partners", and Compliance Committees assist the CCO in the management of the Program.

A.   The Board of Trustees

The BOT is vested by law with all the powers and authority to effectively govern and set policy for the University in accordance with the laws of the State of Florida and with regulations and rules of the Board of Governors. The BOT exercises reasonable oversight of the Program with respect to its implementation and effectiveness by meeting regularly with the Committee and the CCO and keeping abreast of its content and operations. The BOT is also responsible for approving this Program plan and the Compliance Office Charter with any subsequent changes and for approving external reviews of the Program's effectiveness.

B.   The Audit and Compliance Committee

The Committee is responsible for reviewing and recommending to the BOT policies affecting operational review, accountability, compliance, and audit. The Committee has access to internal and external auditors to assess their performance, the scope of audit activities and the adequacy of the system of internal accounting controls to ensure compliance with state and federal laws, regulations, and requirements. The Committee makes regular reports to the BOT on the Program operation including positive outcomes, issues identified, and corrective action taken. The Committee

members' responsibilities are defined in the Committee Charter.

C. **University President and Senior Leadership**
The University President, Senior Vice Presidents, Vice Presidents, and members of the leadership team actively support the Program by promoting its implementation, regularly communicating the University's commitment to ethics and compliance with the law throughout the organization, participating in compliance activities within their areas and ensuring adequate resources are allocated for success. Their commitment to compliance plays a critical role in the effectiveness of the Program.

D. **The Chief Compliance Officer**
The CCO reports functionally to the BOT and administratively to the Senior Vice President and Chief Operating Officer. The CCO is charged with overseeing the development and administration of the Program and makes regular reports to the Committee. The CCO has direct access to all governing bodies and key personnel and serves as the point of coordination for the compliance effort throughout the organization. The CCO has oversight of the Office of Compliance, which is governed by the Compliance Office Charter.

E. **Compliance Partners**
A number of key staff significantly contribute to the compliance effort and assist the CCO in implementing the Program. Compliance Partners are experienced professionals, highly skilled in their areas of expertise, who serve as liaisons between their UF functional unit and the CCO. They help promote the Program; identify risks, policy and training needs; disseminate compliance information; and monitor emerging issues. They report compliance and ethics initiatives and challenges within their UF functional unit on an annual basis to the CCO.

II. **POLICIES AND STANDARDS OF CONDUCT**

A. **Policies and Procedures**
The University has established policies addressing all areas of business to prevent, educate, and detect instances of non-compliance. The following list of key compliance policies or guidelines is partial and illustrative only:

University Compliance-Related Policies

- Policy for Dealing with Conduct in Research (1.0101)
- Non-Discrimination/Harassment/Invasion of Privacy Policies (1.006)
- Code of Penalties (1-1.007)
- Ethics Policy (1.0104)

- Disclosure and Regulation of Outside Activities (1.011)
- Confidentiality of Student Records and Applicant Records (4.007)
- Policy Against Fraudulent or Other Dishonest Acts
- Guidelines, Policies, and Procedures on Conflicts of Interest and Outside Activity
- Sexual Harassment (HRS)
- Workplace Violence (HRS)
- ADA Accommodation Financial Assistance (HRS)
- Student Honor Code and Student Conduct Code: Sanctions (6C1-4.047)

B. **Code of Conduct**

All trustees, officers, and employees of the University observe the provisions of the Code of Ethics for Public Officers and Employees, Part III of Chapter 112 of the Florida Statutes. The Code is available on multiple sites including the General Counsel and UF Regulations websites.

C. **Additional Codes**

Multiple departments have adopted other codes in addition to the Code of Ethics for Public Officers and Employees, which demonstrates their commitment to ethics and integrity in discharge of their duties. A partial and illustrative list is provided below:

- The Board of Governors Student Loan Code of Conduct (Office of Student Financial Affairs) as required by the Health Education Act
- Code of Ethics set forth by the National Association of Educational Buyers (University Research Foundation Incorporation)
- Code of Ethics for Fundraising (University Foundation Incorporation)
- Code of Ethics for Pharmacists (College of Pharmacy)
- Code of Ethics for Internal Auditors (Office of Internal Audit)
- Code of Ethics for the National Association of Educational Procurement/NAEP (Procurement Services)
- UF Health Code of Conduct (UF Health).

D. **Compliance Partners**

Compliance Partners will promote the Program, UF ethical standards, and compliance with applicable laws, regulations, and University policies in their functional unit. They will help develop procedures relevant to their compliance area, disseminate new or revised policies applicable to their functional unit, and recommend institutional policies. They will communicate on policy matters related to the Program on an annual basis to the CCO.

E. **Student Code of Conduct and Honor Code**

Students who enroll at the University must abide by the Student Code of Conduct and Honor Code. In doing so, the students recognize that academic honesty and integrity are fundamental values of the University community.

III. OPEN COMMUNICATIONS AND REPORTING

The University is committed to operating in an environment of honesty and integrity and has developed open lines of communication with all members of the system-wide community to report concerns or suspected wrongdoing without fear of retaliation. A partial and illustrative list of mechanisms utilized to encourage open communication and reporting are described in the paragraphs below.

A. University Compliance Hotline
The University Compliance Hotline, operated by NAVEX Global (an independent company), is available 24 hours a day, 365 days a year and is well publicized on multiple websites (e.g., Compliance, Research Compliance, Human Resource Services, UF IRB, the Office of Student Financial Affairs, and the Institutional Animal Care and Use Committee Websites.) The Office of Internal Audit has been designated to review all reports made to the Hotline.

B. Other Helplines
There are several University offices that specialize in specific matters and can be contacted to report a concern most appropriately handled by that office (e.g., ADA Compliance Office, Title IX Coordinators, IRB Compliance Hotline, the Division of Research Compliance, the Office of the Ombudsman, the Privacy Office, the University of Florida Police Department, and the Physician Billing Compliance Office). Their contact information is advertised on the Compliance Website.

C. Non-Retaliation Policy
It is the policy of the University to encourage all employees to make good faith reports of suspected fraudulent or other dishonest acts or to seek guidance on compliance and ethics concerns, and to protect such individuals and those cooperating with the ensuing investigation, from retaliatory action. Non-Retaliation is discussed in the UF Policy Against Fraudulent or Other Dishonest Act.

D. Compliance Partners
Compliance Partners will assist in promoting the Program by discussing the expectation to report any irregularities, the UF Non-Retaliation Policy, and the use of the Hotline if needed. They will encourage open communication and transparency with the employees of their functional unit and help disseminate compliance information. Compliance Partners will report initiatives in this area on

an annual basis to the CCO.

E. The President's Message

The University President sends a message to all students periodically to welcome them to the University and to provide information on how to seek help or assistance by contacting "U Matter We Care."

F. Various Electronic Communications

Pertinent information is disseminated to faculty, employees and students via various types of electronic communications. Topics include but are not limited to violence in the workplace, cyber security, campus safety, Title IX, ADA and accessibility laws.

IV. TRAINING AND EDUCATION

University employees and board members receive training regarding their responsibilities and accountability for ethical conduct and compliance with applicable laws and regulations. In addition, many University business units have required training modules. Compliance Partners are actively engaged in training activities and regularly report to the CCO on training efforts. Representative training topics with frequency of occurrence are listed below:

A. Required for all employees:
- New Employee Orientation (at hire)
- General Compliance Training (every two years) – This training covers an overview of the Program, a few of the FL Ethics Code salient provisions such as the gift prohibition and conflicts of interest, reporting, hotline, non-retaliation, and compliance contact information. *(Note: this training is in development.)*
- Preventing Harassment (at hire and every two years thereafter)

B. Required Based on Job Duties:
- Financial Conflict of Interest for Research (before engaging in research)
- Youth Protection Training (annually)
- Bloodborne Pathogen/Biomedical Waste Clinical Training (annually)
- Billing Compliance & Fraud, Waste and Abuse (at hire and annually thereafter)
- HIPAA and Privacy General Awareness (at hire and annually thereafter)
- Research Billing Risks (twice a year)
- CMS General Compliance Training (annually)

- Fraud, Waste, and Abuse Laws (annually)
- Leadership and Management Orientation (at hire)
- Animal Care and Safety Training (before access to animal facility is granted)
- FERPA for Faculty (annually)
- Lab Safety Actions & Reactions (annually)
- Biomedical Waste Training- (annually)
- Protecting Social Security Numbers (annually)

C. **Required for Board members**

Board members are regularly informed about the content and operations of the Program so they can exercise reasonable oversight with respect to program oversight. Topics generally include compliance program overview, ethical conduct, hotline, non–retaliation, regulatory compliance, and compliance obligations. This training occurs annually.

D. **Compliance Partners**

Compliance Partners will help identify training needs and ensure compliance training and support is available in their functional area. They will report training activity led and received by their functional unit on an annual basis to the CCO.

V.   AUDITING AND MONITORING

The Compliance Office has developed Compliance Matrices in collaboration with key individuals in the different University lines of business. The matrices outline the compliance areas relevant to the individual entities within the organization and confirm that risks are being catalogued and are being addressed. They are to serve as a guide for auditing and monitoring activities and as a tool organization-wide so that matters may be directed to the appropriate responsible office, senior administrator, and topic expert identified in each matrix. The matrices are ever-evolving documents requiring periodic updates as compliance areas are added or removed.

A. **Office of Compliance**

The Office of Compliance is the point of coordination for all compliance auditing activities. The office will assess risks in collaboration with Internal Audit and the Compliance Partners and will help determine auditing priorities. The office will also review the departments' audit findings and recommendations for improvement or resolution of issues identified.   The CCO will regularly report auditing activity to the BOT to keep members apprised of the program activities.

B. **Compliance Partners**

Compliance Partners will monitor compliance vulnerabilities within their compliance area, help develop an appropriate plan to address them, assist the Compliance Office with keeping its functional area matrix current, and report self-directed auditing activity on an annual basis to the CCO.

VI. ADDRESSING KNOWN OR POTENTIAL ISSUES

A. **Reporting Expectations**

Each member of the University community is responsible for assuring that the actions and activities conducted at the University promote an environment of integrity. This includes the responsibility to report, for appropriate review, actions or activities that do not appear to promote such an environment.

All members of the University Community are encouraged to raise their concerns with the leadership of their local unit as they are the most familiar with the issues concerning that line of business. Other reporting avenues available are the appropriate University Compliance Partners who have expertise related to the specific concern the Office of Compliance, Internal Audit, the Office of General Counsel, or the confidential hotline for a way to report concerns of suspected wrongdoing.

B. **Issue Investigation**

Departments will promptly investigate any reported concern and collaborate with relevant areas to resolve the issue. Issues of a more complicated nature will be escalated to Compliance, General Counsel, Internal Audit, or Human Resource Services. Status and steps taken on issues that have been escalated will be forwarded to Compliance. All issues and action taken will be documented by the designated person in each area and should be available upon request.

C. **Conflict of Interest Program**

The Office of Compliance will develop an institution-wide Conflict of Interest Program that will publish uniform guidance regarding outside activities, financial interests, and conflicts of interest. The COI Program will be responsible for the development of a system-wide disclosure tool and for establishing a Conflict of Interest Committee with appropriate institution-wide representation for the disposition of high-level conflicts of interest.

D. **Corrective Action Plan**

When instances of non-compliance are identified, affected areas will collaborate and take reasonable steps to respond appropriately and to prevent further similar instances from occurring, including making any necessary modifications to the

Program.

E. Compliance Partners
Compliance Partners will monitor emerging issues in their functional unit, assist in responding to reports of potential non-compliance and implementing appropriate corrective measures, and will report compliance initiatives and challenges in this area on an annual basis to the CCO.

VII. ENFORCING STANDARDS

Through leadership, training, policy development, incentives and disciplinary standards, the University promotes ethical behavior and compliance with federal, state, and local laws and regulations on the part of all faculty, students, and staff.

A. Incentives and Disciplinary Measures
The University has policies and procedures for incentivizing ethical behavior and disciplining   students, employees, and volunteers who engage in unethical behavior or behavior that is not in compliance with existing federal, state, local, and University laws, regulations, and policies.

Employees found to have participated in fraudulent or dishonest acts will be subject to disciplinary action pursuant to collective bargaining agreements and university rules. In addition, criminal or civil actions may be taken against employees who participate in unlawful acts. In those instances where disciplinary action is warranted, the University's Office of Human Resource Services or appropriate academic administrator(s) and the Office of the Vice President and General Counsel shall be consulted prior to taking such actions. Disciplinary action is detailed in the 6C1-1.007 University of Florida; Code of Penalties.

The University promotes compliance through appropriate incentives to help encourage ethical behavior. This is done in a variety of ways such as in their performance evaluation and/or by recognizing employees for compliance initiatives or for demonstrating ethical behavior by reporting difficult issues and being part of the resolution.

B. Background Checks
The University is committed to protecting the safety, security and health of its students, employees, and others; thus, the University requires a background check on all faculty and TEAMS employees.

C. Exclusion Screenings

In addition to background checks, UF Health performs initial, monthly, and annual exclusion screenings of UF Health faculty members, employees, referring physicians, vendors and contractors involved in healthcare to prevent the hiring of, contracting with, or credentialing of any ineligible individual or entity.

D. Compliance Partners

Compliance Partners will assist in enforcing UF policies and disciplinary measures and incentivizing employees for compliance initiatives when appropriate. They will communicate on these activities on an annual basis to the CCO.

VIII. PROGRAM EFFECTIVENESS

The University will conduct annual assessments of the Program under the direction of the CCO to ensure its effectiveness and assess areas of improvement opportunities. At least once every five years, the effectiveness assessment will be provided by an external reviewer. The assessments and recommendations for program changes will be approved by the BOT with a copy submitted to the Board of Governors.

UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND OPERATIONS REVIEW
COMMITTEE ACTION ITEM AO3
December 14, 2017

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 30, 2017, 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 21, 2017 issued audit report No. 18-703-06, Performance Based Funding – Data Integrity. On November 18, 2017 the University President executed the required Performance Based Funding Data Integrity Certification.

PROPOSED COMMITTEE ACTION

The Committee on Audit and Operations Review is asked to accept the University of Florida Performance Based Funding - Data Integrity audit report as presented, and to approve the Performance Based Funding Data Integrity Certification, as executed by the President. The Committee is asked to recommend these items to the Board of Trustees for approval on the Consent Agenda.

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.

Supporting Documentation Included: See attached

Submitted by: Brian Mikell, Chief Audit Executive

Approved by the University of Florida Board of Trustees, December 15, 2017

_____   _____
James W. Heavener, Chair   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, 2017
Report Issue Date:	November 21, 2017
Report Number:	UF-18-703-06

UNIVERSITY OF FLORIDA

PERFORMANCE BASED FUNDING – DATA INTEGRITY

As of September 30, 2017

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UF | UNIVERSITY of FLORIDA

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November 21, 2017

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, 2017. 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

The Foundation for The Gator Nation
An Equal Opportunity Institution

—— **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 submitted by the university 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 30, 2017, 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, 2017. 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.

━━━━━━━━━━━━━━ **AUDIT REPORT** ━━━━━━━━━━━━━━

Scope and Objectives

On June 30, 2017, 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, 2017, 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 8, 2017 through November 8, 2017 in accordance with the 2017-2018 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 performance in a variety of different strategic areas:
- Eight of the ten metrics are common to all institutions. These include metrics on employment after graduation, cost to the student, graduation rates, academic progress, programs of strategic emphasis, and access to the university.
- The ninth metric, chosen by the BOG, 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 the number of licenses/options executed annually.

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 four allocation years and the 2017-2018 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 or anomalies which may cause the file to be rejected. These items should be corrected or explained on the file submitted 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 internal or external parties. The OIPR estimates they annually receive approximately 850 data requests, of which at least 35% originate 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, SIFD, and HTD). This data was used in multiple metrics involving graduation, retention, academic progress, cost to student, and strategic emphasis.
- **Office of Undergraduate Affairs (OUA)**: Responsible for review of degrees reported and data used in the Hours to Degree (HTD) file. This data was used in Metric 3 for determining the cost to the student.
- **Bursar**: Responsible for processing waivers into the Student Financial System and verifying the waiver frequency counts and totals on SIF for accuracy and completeness. This data was used in Metric 3 for determining the cost to the student
- **Student Financial Affairs (SFA)**: Responsible for the financial aid award data used to create the SFA file. This data was used in Metrics 3 (Cost to the Student) and 7 (University Access Rate).
- **Center for Measuring University Performance (the Center)**: 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.

- **Office of Technology Licensing (OTL):** Responsible for compiling a list of all licenses/options and reporting to the Association of University Technology Managers through their annual Licensing Survey. The information is used for the Board of Trustees Choice Metric 10f.
- **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.

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. The file was approved and submitted by the DA or designee, and the BOG continued their series of reviews. At any point the university may be asked by the BOG to address additional exceptions requiring further review, explanation, or resubmission of the file.

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, 2016, with audit report UF-17-689-07 issued November 2, 2016. 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. Conclusions relative to specific data owners and other comments on the data submission process, including audit procedures employed, are described below.

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. 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.

Within the last year, the DA in coordination with other Florida university data administrators formed a Council of Data Administrators (CODA). The CODA's vision statement asserts that the CODA exists to promote and ensure that reliable and consistent data are used and reported by SUS institutions for current and future information-based decisions. The DA's role in this group can also help to improve communication or find solutions to issues that the SUS institutions consistently must address related to the BOG data collection systems and problems like false flags on error reports or bad matches on file to file comparisons.

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. The BOG has reorganized and the SUS submissions are now managed by the office of Data Analytics. 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 Based 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 quality control processes for the SIF and SIFD 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.

The OIPR also added Data Quality Review summaries for each BOG submission which identifies specific issues in business processes, data coding, missing data, and errors in the logic used to create the file. This process is used to identify follow-up activities for the university and the BOG to correct or prevent the issues for subsequent submissions.

We tested the timeliness of ten submissions related to PBF from October 1, 2016 through September 30, 2017. All submissions were timely, submitted by the appropriate staff, included explanations of any errors, and were accepted by the BOG.

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 initiated a large-scale three-year project in January 2016 to implement a new student information system by August 2018. Key offices will need to be involved in the project to ensure the BOG reporting requirements are 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, SIFD, and HTD. 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 limited the risk of an improper submission and maintained accountability for changes and submissions.

The OUR 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 2017 submissions by tracing them to the system of record to verify the accuracy of key elements identified in the various PBF metrics. 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.

Office of Undergraduate Affairs (OUA)

The "Hours to Degree" (HTD) file consists of students who graduated with their first baccalaureate degree but not more than one degree or a combined degree (BS/MS). Additionally, the submission contains a table of courses for each student that were used to satisfy their degree and any additional courses that were considered unused or excess hours.

OUA staff used the Student Academic Support System (SASS) to produce the data to build the HTD file. To build the HTD file, the IT staff had developed a batch job that runs and pulls all the data together from the Student Records System and combines that with the degree audits to create the submission file. The HTD file creation process was in place and well-established prior to the use of HTD data for Metric 3.

We also noted the OUR staff coordinated with OUA and assisted with checking the count of students on the HTD file with the prior SIFD submissions to compare the expected number of records.

We also performed our own data analytics review for data consistency and integrity testing between the HTD and SIFD files. We found no significant errors with the HTD file and, based on our audit procedures, concluded that the HTD file submission appeared complete and accurate.

Based on the results of our review, we concluded that the OUA'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. In November 2016, the BOG changed Metric 3 to utilize the amount of grants and scholarships student received to calculate the Cost to the Student.

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.

We judgmentally selected seven awards and verified the amount reported to the BOG for the 2015 Fall and 2016 Spring semesters agreed with the source documentation in the SFA Funds Management system. All amounts reported were in agreement with the SFA Funds Management system of record.

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.

Center for Measuring University Performance (the Center)

The Center utilizes staff and advisors from various universities, including UF, to compile 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 and National Science Foundation CAREER awards. We noted that the process to compile the data had not changed from the previous year.

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.

Office of Technology Licensing

The Office of Technology Licensing (OTL) is responsible for working to find commercial partners for the faculty generating new discoveries. The OTL was responsible for reporting licenses (patents, copyrights, and trademarks) to the Association of University Technology Managers (AUTM) in their annual Licensing Survey. The data in this survey was used by the BOG to identify the total number of licenses and options for Metric 10f. There were a total of 261 licenses reported to the AUTM and reflected in Section 6A of the 2015-2016 Annual Accountability Report.

OTL maintained a spreadsheet to track license agreements for the university. We judgmentally selected 26 licenses to verify that there were signed (executed) licenses with external entities, and that the effective dates were within the fiscal year. We noted no exceptions.

Based on our review, the processes to compile and report the licensing information were generally adequate to promote that the licenses were accurately reported for the 2015-2016 AUTM report.

OTHER COMMENTS

Resubmissions

When the BOG rejects a data submission, 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. Resubmissions are typically an iterative process between the BOG, the DA and the data owners to correct data errors or anomalies 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 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 2015-2016 HTD file due to the omission of personal hardships credit hours. The two SIF files for summer and fall 2016 were resubmitted due to OIPR's detection of minor differences in student classification for online students. Resubmissions were performed within a reasonable time 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 2017, there were 48 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 and approves the access request granting appropriate access in the SUDS system. Monitoring was performed monthly by comparing changes in university personnel records to the list of users. We reviewed the August 2017 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 access.

General Comment

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

Audit Supervised by: Joe Cannella

Audit Conducted by: Craig Reed
Jeff Capehart
Lily Ly
Choi Choi
Parvaneh Fazeli

Performance Based Funding

March 2018 Data Integrity Certification

Name of University: _____

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

Performance Based Funding Data Integrity Certification Representations			
Representations	**Yes**	**No**	**Comment / Reference**
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance Based Funding decision-making.	☐	☐	
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.	☐	☐	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	☐	☐	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	☐	☐	
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.	☐	☐	

Performance Based Funding
Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	**Yes**	**No**	**Comment / Reference**
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications/processes provided by the Board Office.	☐	☐	
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.	☐	☐	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	☐	☐	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing **Submit for Approval** represents electronic certification of this data per Board of Governors Regulation 3.007."	☐	☐	
10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.	☐	☐	
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.	☐	☐	

Performance Based Funding
Data Integrity Certification

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

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. This data now includes non-Florida data from 41 states and districts, including the District of Columbia and Puerto Rico. 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 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. This data does not include individuals who are self-employed, employed by the military, those without a valid social security number, or making less than minimum wage. This data now includes non-Florida data from 41 states and districts, including the District of Columbia and Puerto Rico. 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).
3. Cost to the Student *Net Tuition & Fees per 120 credit hours*	This metric is based on resident undergraduate student tuition and fees, books and supplies as calculated by the College Board (which serves as a proxy until a university work group makes an alternative recommendation), the average number of credit hours attempted by students who were admitted as FTIC and graduated with a bachelor's degree for programs that requires 120 credit hours, and financial aid (grants, scholarships and waivers) provided to students. Source: Accountability Report (Table 1D) – which, combines the Legislature's annual General Appropriations Act, university required fees and several files (HTD, SFA, SIF) within SUDS.
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 (e.g., 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 (e.g., 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

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. Additional 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: Accountability Report (Table 4J), 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.

BOT Choice Metrics

|	
10a. Percent of R&D Expenditures Funded from External Sources 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: Accountability Report (Table 6A), National Science Foundation annual survey of Higher Education Research and Development (HERD).
10b. Bachelor's Degrees Awarded to Minorities 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: Accountability Report (Table 4I), State University Database System (SUDS).
10c. National Rank Higher than Predicted by the Financial Resources Ranking Based on U.S. and World News 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.
10d. Percent of Undergraduate Seniors Participating in a Research Course 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.
10e. Number of Bachelor Degrees Awarded Annually 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: Accountability Report (Table 4G), State University Database System (SUDS).
10f. Number of Licenses/Options Executed Annually UF	This metric is the total number of licenses and options executed annually as reported to Association of Technology Managers (AUTM). The benchmarks are based on UF's rank within AAU institutions. Source: Accountability Report (Table 6A), University of Florida.
10g. Percent of Undergraduate FTE in Online Courses UNF	This metric is based on the percentage of undergraduate full-time equivalent (FTE) students enrolled in online courses. The FTE student is a measure of instructional activity that is based on the number of credit hours that students enroll by course level. Distance Learning is a course in which at least 80 percent of the direct instruction of the course is delivered using some form of technology when the student and instructor are separated by time or space, or both (per 1009.24(17), F.S.). Source: Accountability Report (Table 3C), State University Database System (SUDS).
10h. Number of Postdoctoral Appointees 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).
10i. Percentage of Adult Undergraduates Enrolled 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 unclassified (not degree-seeking) students. Source: State University Database System (SUDS).

Performance Based Funding Metric Scores

Metric #	Metric Description	Points	Funding Model Year			
			2014-2015	2015-2016	2016-2017	2017-2018
1	**Percent of Bachelor's Graduates Enrolled or Employed (earning at least $25,000) - *in the U.S. One Year After Graduation***	*Points Received*	**2**	**5**	**6**	**8**
		Maximum Points	**5**	**5**	**10**	**10**
		Percent of Maximum	40%	100%	60%	80%
2	**Median Wages of Bachelor's Graduates Employed Full-time One Year After Graduation**	*Points Received*	5	5	8	10
		Maximum Points	5	5	10	10
		Percent of Maximum	100%	100%	80%	100%
3	**Cost to the Student - *Net Tuition and Fees per 120 credit hours*** *Metric change in 2017-2018 from Average Cost per Bachelor's Degree - Instructional costs to the university*	*Points Received*	**3**	**3**	**6**	**8**
		Maximum Points	**5**	**5**	**10**	**10**
		Percent of Maximum	60%	60%	60%	80%
4	**Six Year FTIC Graduation Rate - *Percent of first-time-In-college students who graduate within six years***	*Points Received*	5	5	10	10
		Maximum Points	5	5	10	10
		Percent of Maximum	100%	100%	100%	100%
5	**Academic Progress Rate - *2nd Year Retention with GPA Above 2.0***	*Points Received*	**5**	**5**	**10**	**10**
		Maximum Points	**5**	**5**	**10**	**10**
		Percent of Maximum	100%	100%	100%	100%
6	**Bachelor's Degrees Awarded within Programs of Strategic Emphasis - *as designated by the Board of Governors***	*Points Received*	4	5	10	10
		Maximum Points	5	5	10	10
		Percent of Maximum	80%	100%	100%	100%
7	**University Access Rate - *Percent of Undergraduates with a Pell-grant***	*Points Received*	**5**	**5**	**10**	**9**
		Maximum Points	**5**	**5**	**10**	**10**
		Percent of Maximum	100%	100%	100%	90%
8a	**Graduate Degrees Awarded within Programs of Strategic Emphasis - *as designated by the Board of Governors***	*Points Received*	5	5	10	10
		Maximum Points	5	5	10	10
		Percent of Maximum	100%	100%	100%	100%
9b	**Number of Faculty Awards: a*pplies to UF and FSU only***	*Points Received*	**3**	**3**	**5**	**10**
		Maximum Points	**5**	**5**	**10**	**10**
		Percent of Maximum	60%	60%	50%	100%
10f	**Number of Licenses/Options Executued Annually: *applies to UF only*** *Metric change in 2017-2018 from Total Research Expenditures: applies to UF only*	*Points Received*	5	3	7	10
		Maximum Points	5	5	10	10
		Percent of Maximum	100%	60%	70%	100%
Note:	*Points in red are based on improvement scoring*	*Total Points Received*	42	44	82	95
	Scale change from a maximum of 50 points to 100 points occurred in 2016-2017	*Maximum Points*	50	50	100	100
		Percent of Maximum	84%	88%	82%	95%

Overview of the University SUDS Submission Data & Process Flows

IT Group	←SHARED→	Data Owner	Data Administrator	BOG

PROCESS OUTLINE

Begin

Data Transformation and File Creation

Data Extraction

File Upload to SUDS

Data Quality Review

Errors?

NO

YES

Data Quality Review

Accurate & Complete?

NO

YES

Submit File to BOG

Data Correction

Ongoing Data Input and Data Quality Review

Data Source

BOG Review

Errors?

NO

End

YES

Re-Submission

Data Flow by Owner

Data Source	Submission File	IT Group	Data Owner	Data Administrator

FILE SUBMISSION BY DATA OWNER

Admissions Application

ADM

Student Records System

SIFP SIF SIFD

Student Academic Support System (SASS)

HTD

Student Financial System

WAIVERS

Financial Aid Award System

SFA

UFIT – Enterprise Systems

Office for SFA – Systems Group

Office of Admissions

Office of the University Registrar

Office of Undergraduate Affairs

Bursar

Office for Student Financial Affairs

OIPR

Office of Institutional Planning & Research

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UF UNIVERSITY *of* FLORIDA

Office of the Provost and Senior Vice President

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

November 17, 2017

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, 2017. I have reviewed the substance of that report in a meeting with Brian Mikell and the audit staff in an exit meeting on November 16, 2017.

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

Joseph Glover
Provost and Senior Vice President for Academic Affairs

STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Performance Based Funding
March 2018 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			
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.	☒	☐	
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.	☒	☐	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	☒	☐	
4. In accordance with Board of Governors Regulation 3.007, my university shall provide accurate data to the Board of Governors Office.	☒	☐	
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.	☒	☐	

Performance Based Funding
Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications/processes provided by the Board Office.	☒	☐	
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.	☒	☐	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	☒	☐	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing **Submit for Approval** represents electronic certification of this data per Board of Governors Regulation 3.007."	☒	☐	
10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.	☒	☐	
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.	☒	☐	

Performance Based Funding
Data Integrity Certification

Performance Based Funding Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
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. Certification: _____ Date __Nov. 18, 2017__ President			
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. Certification: _____ Date _____ Board of Trustees Chair			

Audit Summary

Objective:

The Office of Internal Audit conducted an audit of the University Athletic Association's (UAA) off-campus recruiting as of November 30, 2016. The primary objective of this audit was to evaluate whether the UAA has adequate controls in place to provide reasonable assurance of compliance with the National Collegiate Athletic Association (NCAA) and the Southeastern Conference (SEC) requirements. Specifically, our audit focused on the adequacy of policies, procedures, communication, training and monitoring activities related to off-campus recruiting.

Background:

The UAA is a direct support organization of the University of Florida, created pursuant Florida Statutes, responsible for the intercollegiate athletic programs at the University of Florida. The university president, the athletics director, and the UAA Compliance Office share the responsibility for overseeing athletic compliance for the university.

NCAA recruiting legislation works to balance the interests of the prospect being recruited and the interests of the NCAA member institution who is attempting to gain the enrollment of the prospect. A potential recruit is a prospect until he or she enrolls at the university. Recruitment occurs when there is solicitation of any kind to the prospect or prospect's relatives by an institution's staff member. For most sports, the annual recruiting calendar is composed of four periods: (1) Contact/Recruiting; (2) Evaluation; (3) Quiet; and (4) Dead.

Conclusion:

We reviewed the NCAA Bylaw, Article 13 and the SEC manual, as well as written UAA policies and procedures. We interviewed key UAA Compliance Office employees and obtained an understanding of the current control processes in place to monitor off-campus recruiting. We also met with coaches and/or administrative assistants from four different sports to evaluate their procedures to manage off-campus recruiting. We performed audit tests as deemed appropriate to evaluate the effectiveness of identified key controls and to verify compliance for a sample of student-athletes

Based on the results of our audit procedures, we concluded that key UAA controls in place were adequate to promote compliance with NCAA and SEC off-campus recruiting requirements. Our conclusion of "adequate" indicates that there are controls in place and functioning as designed.

Audit Summary

Objective:

The Office of Internal Audit conducted an audit of Gator Boosters, Inc. as of November 30, 2016. The primary objective of this audit was to obtain an understanding and evaluate the effectiveness of Gator Boosters' internal control structure. Our audit focused on the overall control environment and specific controls in place relating to ticket accountability and seat assignment, and collections.

Background:

Gators Boosters, Inc. is a not for profit corporation and a direct support organization of the University of Florida. Gator Boosters functions as the fundraising arm for the University Athletic Association, and is dedicated to two major goals; first and foremost, to educate student athletes through scholarship funding; secondly, to improve athletic facilities for Gator student athletes to compete at the highest level.

Gator Boosters is managed by an executive director and a volunteer board of directors. The executive director reports to the university president and the Gator Boosters Board of Directors, and is responsible for the coordination of all athletic fundraising activities, administration of staff and management of athletic donors on behalf of the university. Gator Boosters reported operating revenues of $41 million for the 2015-2016 fiscal year, and as of June 30, 2016, possessed an endowment balance in excess of $51 million held by the University of Florida Foundation. Current goals include raising funds for future projects like the football complex stand-alone facilities, renovation of McKethan Stadium and the softball complex.

Conclusion:

We identified and evaluated key administrative practices by conducting employee interviews, analytical reviews, process walkthroughs, and tests of transactions. Based on the results of our audit procedures, we concluded that the internal control structure in place over Gator Boosters' administrative processes was adequate. Our conclusion of "adequate" indicates that there are controls in place and functioning as designed. Gator Boosters' management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ Relative to **conflict of interests and ethics policies**, management will:
  - Emphasize procedures to **collect** conflict of interest **forms** and ethics **statements** from employees and board members
  - Evaluate the disclosure process and related forms
  - Enhance procedures to document the evaluation of potential conflict of interests

- ◆ Revise existing collection policies to **enhance reconciliation and monitoring processes**

- ◆ Improve **segregation of duties** over the **collection** processes

- ◆ Implement an **electronic wire** process for **transfers from the Foundation**

Foundation Information Technology General Controls	Audit Report # UF-17-697-15
As of March 31, 2017	Issued September 22, 2017

Objective:

The Office of Internal Audit conducted an audit of foundation information technology (IT) general controls as of March 31, 2017. The primary objective of this audit was to evaluate the adequacy of internal controls over the foundation's IT infrastructure and capabilities. Specifically, we focused on controls relative to access, physical and environmental security, operations management, system development, change management, and backup and recovery processes.

Background:

The University of Florida Foundation operates their own IT infrastructure for network, servers, system development, access management, information security management, help desk, and workstation management. The foundation's operations were distributed among five buildings, with the computer server room and IT staff located at Emerson Alumni Hall. The former IT director retired in 2016 and the network services manager was assigned interim director of technology.

The foundation's strategic plan included an internal objective for their infrastructure to have an effective system of controls that collects, protects and stewards the integrity of established gift purposes and donor records and ensures compliance with donor intent. The purpose of IT general controls was to help assure the security, confidentiality, integrity, and availability of those information systems.

Conclusion:

We identified and evaluated the foundation's key IT general controls by conducting employee interviews, process walk-throughs, and testing of the information technology system. Based on the results of our audit procedures, we concluded that controls over the foundation's key IT administrative processes were adequate. Our conclusion of "adequate" indicates that there are controls in place and 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 foundation management. Due to the confidential nature of this report, details of these planned actions have not been summarized.

Audit Summary

Objective:

The Office of Internal Audit conducted an audit of the University of Florida Foundation legal function as of December 31, 2016. The primary objective of this audit was to assess the adequacy and efficacy of the controls over the foundation legal function. Specifically, we focused on controls relative to the various administrative and operational functions within the legal office.

Background:

The foundation legal office is comprised of four individuals, one of whom is part time. At the time of our review, the Executive Director of Legal Services directly reported to the foundation's Chief Operating Officer and the University of Florida Vice President and General Counsel, and indirectly to the Vice President of UF Advancement. The Legal Services Director has over 30 years of experience as an attorney, joined the foundation 21 years ago, and has spent the last 17 years as the director of legal services.

The legal function can be divided into direct responsibilities (tasks in which the bulk of the activity is housed in the legal office) and advisory responsibilities (tasks in which the legal office serves in an advisory capacity, but the bulk of the activity is housed outside the legal office). Direct responsibilities primarily consisted of drafting and processing gift agreements, assisting with foundation real estate transactions, and providing training and awareness for foundation and university development employees. A substantial amount of their remaining time was spent providing legal advice regarding foundation operations which fall into the advisory responsibility arena.

Conclusion:

We identified and evaluated the legal office's controls over the foundation legal function by conducting employee interviews and process walkthroughs, examining supporting documentation, and performing tests of key controls. Based on the results of our audit procedures, we concluded that controls over the foundation legal function's key administrative processes need improvement. Our conclusion of "needs improvement" indicates that there are designed controls in place but they are not always effective and/or other controls are needed. Foundation management and the audit team agreed on the following action plans to address noted improvement opportunities:

- ◆ Develop a **manual** and **training** regarding **special events contracts**
- ◆ Enhance **communication** of **special event legal review** requirement
- ◆ Enhance procedures for **administration of estate gifts**
- ◆ Enhance procedures relative to obtaining **certificates of insurance** from **special events** vendors
- ◆ Enhance procedures for compliance with **state-specific gift annuity registration requirements**
- ◆ **Enhance training and communication regarding legal compliance**, including determining requirements, mode and frequency of delivery

Audit Summary

Objective:

The Office of Internal Audit conducted an audit of hazardous materials as of December 30, 2015. The primary objective of this audit was to identify and evaluate the adequacy and effectiveness of key controls in place to manage hazardous materials. Specifically, we focused on hazardous materials identification and tracking, risk management and training.

Background:

Hazardous materials consist of any physical, biological, or chemical item with the potential to cause harm to humans, animals, or the environment. These materials can be a liquid, solid, or gas and may exhibit one or more potentially dangerous physical or chemical properties. They are commonly classified as explosive, gases, flammable liquid, flammable solids, oxidizing substances, toxic and infectious substances, radioactive materials, or corrosive materials. The use, storage, and disposal of these materials is regulated by various governmental agencies including the Occupational Safety and Health Administration (OSHA), the Department of Homeland Security, the United States Environmental Protection Agency, and the Nuclear Regulatory Commission.

The university uses hazardous materials in teaching labs, research labs, and in conjunction with various campus operations. The principal investigators (PIs) within labs and area supervisors for campus operations are primarily responsible for ensuring safe conduct and conditions in their laboratories or working areas. The Division of Environmental Health & Safety (EH&S), whose mission includes the promotion of a safe and healthy campus environment, has developed safety manuals to guide faculty, staff, students, volunteers, and visitors with policies and procedures for the safe use of hazardous chemicals or other materials

Conclusion:

We identified and evaluated the internal control procedures related to the identification and management of hazardous materials, reviewed existing university policies and procedures in conjunction with applicable federal rules and regulations, and interviewed EH&S employees to gain an understanding of the current control structure and processes in place. In addition, we conducted departmental surveys, reviewed lab safety inspection results, and performed analysis to evaluate the effective of identified key controls.

Based on the results of our audit procedures, we concluded that the key controls in place to manage hazardous materials were adequate. Our conclusion of "adequate" indicates that there are controls in place and functioning as designed. University management and the audit team agreed on the following action plans to address noted improvement opportunities:

- The EH&S identified labs with noncurrent chemical inventories and **communicated instructions and expectations for chemical inventory maintenance**

- The EH&S will **implement GatorTracs**, an electronic safety management system

- GatorTracs will assist with **assessment and documentation of chemical hygiene plans**

- GatorTracs will **enhance** the documentation, communication and **monitoring of lab inspections**

- Using GatorTracs, the EH&S will work with Enterprise Systems to **identify and monitor faculty, staff and students for required training**

Audit Summary

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, 2017 through June 30, 2017. 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, President Fuchs' incurred and the university paid business, travel and entertainment expenses totaling $61,021. 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, 2017 through June 30, 2017, 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 the university's requirements.

Audit Summary

Objective:

The Office of Internal Audit conducted an audit as of September 30, 2017, of the university's data submission process related to data metrics used for the Board of Governor's (BOG) 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.

Background:

The Florida Legislature has called upon the State University System of Florida to reach new levels of efficiency, academic quality and accountability. The BOG responded by implementing 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 be executed by the University President, affirmatively certifying that the data submitted is reliable, accurate, and complete. The certification form is also to be approved by the Board of Trustees (BOT) and certified by the BOT chair. The Chairman of the BOG further instructed each university BOT to "direct its Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university's processes which ensure the completeness, accuracy and timeliness of data submissions to the BOG." This audit provided an objective basis of support for the President's certification.

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, performed process walkthroughs, and tested reported values to source data. Audit procedures were performed at the Office of Institutional Planning and Research, which is charged with administering the BOG data collection/reporting system, and at university core offices responsible for the extraction and compilation of the information that support the PBF metrics.

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**.

Office of Internal Audit   December 14, 2017

Follow-up Statistics as of September 31, 2017

(April 1, 2017 through September 30, 2017)

**Planned Action
Implementation Percentage**

1. Academic Affairs
2. Chief Financial Officer
3. CIO
4. UAA
5. UF Foundation
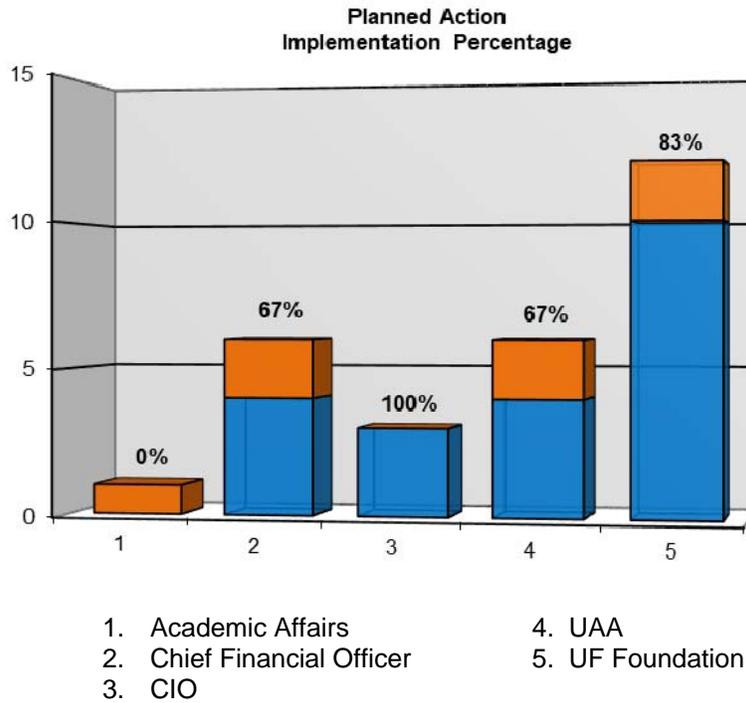
	Total	**Balance**	**Statistics for April 1, 2017 through September 30, 2017**				
Oversight by	**Outstanding as of 9/30/17**	**Due in Subsequent Quarters**	**Follow Up Due and Reviewed**	**Implemented**	**In process (extended)**	**Follow Up Ceased**	**Percent Implemented**
Academic Affairs	1	-	1	-	-	1	0%
Chief Financial Officer	8	2	6	4	2	-	67%
Chief Information Officer	3	-	3	3	-	-	100%
Athletic Association	6	-	6	4	2	-	67%
UF Foundation	25	13	12	10	2	-	83%
Totals	**43**	**15**	**28**	**21**	**6**	**1**	**75%**

Summary of Significant Comments

Period ending September 30, 2017

(April 1, 2017 through September 30, 2017)

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

**UNIVERSITY OF FLORIDA FOUNDATION LEGAL FUNCTION, UF-16-680-17
ISSUED SEPTEMBER 22, 2017**

COMMENT 1 – SPECIAL EVENT CONTRACTS:

All event contracts paid with foundation funds are required to be reviewed by the legal office and signed by an authorized signatory of the foundation. We selected 27 payments made to special events vendors in 2016 and noted only twelve (44%) were reviewed by the legal office. The remaining 15 payments totaled $136,456 and were never submitted to the legal office for review.

Senior Management stated they were reviewing the special events contract process for improvement opportunities. Senior development staff have been asked to remind their staff members of the correct process for reviewing and signing special event contracts. A reminder of the legal review requirement and process will be distributed to staff by email and newsletter.

> Responsibility for processing contracts has been re-assigned to a new staff member in the Facilities Management department. The new staff member will devote more time to oversee the review of contracts including the receipt of certificate of insurance and other matters. The legal director also addressed with the Assistant and Associate Vice Presidents in the September 2017 meeting to remind their staff on the procedures for processing contracts. A reminder message was also distributed to staff directly. – **Implemented**

COMMENT 2 – ESTATE GIFT ADMINISTRATION:

The foundation legal office maintains a spreadsheet to monitor the administration of estate gifts. The document is used to record the notification of new estate gifts, track the anticipated dates and amounts of the gifts, record the current status of the estate, and document the purpose of the gift. Our audit testing revealed that the estate spreadsheet was not kept current, therefore it was not an ineffective tool for monitoring estate gift administration.

> The estate spreadsheet has been updated, and the responsibility for maintaining the current inventory and status of open estates has been added to the senior legal counsel's job description. – **Implemented**

COMMENT 5 – TRAINING AND AWARENESS:

Legal compliance for the foundation is dependent on the legal compliance of each individual development and foundation employee. The legal office's involvement in a pervasive training and awareness program is essential to a successful legal compliance program. Legal training and updates were not consistently and routinely included in training opportunities available to or required of staff members.

> The legal office had developed a list of training topics and utilized a variety of venues to deliver training to senior management and development staff. A number of training efforts have been identified, which include a year-end gift issues training with the senior development team and luncheon training with college development staff. The Executive Director also started to attend the Associate and Assistant Vice Presidents Development meeting to discuss policy or procedural issues. – **Implemented**

UNIVERSITY OF FLORIDA TRAVEL, ENTERTAINMENT, AND EMPLOYEE REIMBURSEMENTS
UF-15-656-10
ISSUED JULY 6, 2015

MANAGEMENT LETTER COMMENT – FOREIGN TRAVEL REGISTRATION:

Members of the UF community who were traveling on officially-sanctioned business outside the United States were required to register their travel on the International Center website. We noted ten out of the 14 travelers had not registered their travel with the UF International Center. Four of the travelers went to high risk countries.

We recommended that The International Center will work with the Travel Office to develop procedures for monitoring foreign travel registration.

> The International Center, Travel Office and Enterprise Systems have worked together to incorporate the international travel registry into the travel authorization process within *myUFL*. The application has been developed, and a demonstration was held in March 2017 to obtain feedback from key stakeholders. As of September 2017, the project was awaiting beta testing prior to being deployed. – **Partially Implemented; Follow-up Ceased**

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?	
DIRECT-SUPPORT ORGANIZATIONS							
1. University of Florida Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
2. University of Florida Research Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
3. The University Athletic Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
4. Gator Boosters, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
5. The University of Florida Law Center Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
6. Florida Foundation Seed Producers, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
7. Florida 4-H Club Foundation, Inc.	March 31, 2017	Unmodified	No	No	No	No	No
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
9. Citrus Research and Education Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
10. Citrus Research and Development Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2016	Unmodified	No	No	No	No	No
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
13. University of Florida Alumni Association, Inc. **(1)**	June 30, 2017	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**	**(1)**
14. University of Florida Investment Corporation	June 30, 2017	Unmodified	No	No	No	No	No
15. University of Florida Historic St. Augustine	June 30, 2017	Unmodified	No	No	No	No	**Yes**
16. University of Florida Development Corporation	June 30, 2017	Unmodified	No	No	No	No	**Yes**
17. GatorCare Health Management Corporation	June 30, 2017	Unmodified	No	No	No	No	**Yes**
18. Cattle Enhancement Board, Inc.	June 30, 2017	N/A - Not Yet Issued	N/A - Not Yet Issued	N/A - Not Yet Issued	N/A - Not Yet Issued	N/A - Not Yet Issued	N/A - Not Yet Issued
HEALTH SCIENCE CENTER AFFILIATES							
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2017	Unmodified	No	No	No	No	No
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2017	Unmodified	No	No	No	No	No
4. Florida Health Professions Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	**Yes**
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
8. Faculty Clinic, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
OTHER AFFILIATED ORGANIZATIONS							
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2017	Unmodified	No	No	No	No	No
2. Shands Jacksonville Healthcare, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2017	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)				Other Findings and/or Questioned Costs?
			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?	
AFFILIATED ORGANIZATION							
University of Florida Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
Citrus Research and Development Foundation, Inc.	June 30, 2017	Unmodified	No	No	No	No	No
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2017	Unmodified	No	No	No	No	No
Shands Jacksonville Healthcare, Inc.	June 30, 2017	Unmodified	No	No	No	No	No

(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 2016?	Control Deficiencies and/or Management Comments 2017?	Repeat Finding(s) from Prior Year?	Summary of Repeat Finding(s)
DIRECT SUPPORT ORGANIZATIONS				
1. University of Florida Foundation, Inc.	No	No	N/A	
2. University of Florida Research Foundation, Inc.	No	No	N/A	
3. The University Athletic Association, Inc.	**Yes**	No	N/A	
4. Gator Boosters, Inc.	**Yes**	No	N/A	
5. The University of Florida Law Center Association, Inc.	**Yes**	No	N/A	
6. Florida Foundation Seed Producers, Inc.	**Yes**	No	No	
7. Florida 4-H Club Foundation, Inc.	**Yes**	No	N/A	
8. Southwest Florida Research and Education Foundation, Inc.	No	No	N/A	
9. Citrus Research and Education Foundation, Inc.	No	No	N/A	
10. Citrus Research and Development Foundation, Inc.	No	No	N/A	
11. University of Florida Leadership & Education Foundation, Inc.	No	No	N/A	
12. Treasure Coast Agricultural Research Foundation, Inc.	No	No	N/A	
13. University of Florida Alumni Association, Inc. **(1)**	(1)	(1)	(1)	
14. University of Florida Investment Corporation	No	No	N/A	
15. University of Florida Historic St. Augustine	No	**Yes**	No	
16. University of Florida Development Corporation	**Yes**	**Yes**	No	
17. GatorCare Health Management Corporation	**Yes**	**Yes**	Yes	Magellan Service Organization Control 1 (SOC 1) report
HEALTH SCIENCE CENTER AFFILIATES				
1. Florida Clinical Practice Association, Inc. (College of Medicine)	No	No	N/A	
2. University of Florida Jacksonville Physicians, Inc.	No	No	N/A	
3. Faculty Associates, Inc. (College of Dentistry)	**Yes**	No	N/A	
4. Florida Health Professions Association, Inc.	**Yes**	No	N/A	
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.	**Yes**	No	N/A	
7. Florida Veterinary Medicine Faculty Association, Inc.	No	No	N/A	
8. Faculty Clinic, Inc.	No	No	N/A	
OTHER AFFILIATED ORGANIZATIONS				
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	No	No	N/A	
2. Shands Jacksonville Healthcare, Inc.	No	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 2017 Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Net Position or Fund Equity End of Year	Fiscal Year Totals Total Revenues and Other Additions	Total Expenses and Other Deductions	Change in Net Position (Increase/(Decrease))
DIRECT-SUPPORT ORGANIZATIONS									
1. University of Florida Foundation, Inc.	June 30, 2017	1,700,160,696	1,660,233,625	1,920,352,132	82,812,311	1,837,539,821	344,901,074	167,594,878	177,306,196
2. University of Florida Research Foundation, Inc.	June 30, 2017	96,138,487	96,138,487	119,090,309	21,170,902	97,919,407	35,462,917	33,681,997	1,780,920
3. The University Athletic Association, Inc.	June 30, 2017	157,451,518	157,451,518	318,388,439	165,016,739	153,371,700	143,570,354	147,650,172	(4,079,818)
4. Gator Boosters, Inc.	June 30, 2017	1,021,106	1,021,106	6,754,074	5,732,866	1,021,208	42,502,614	42,502,512	102
5. The University of Florida Law Center Association, Inc.	June 30, 2017	6,376,435	6,376,435	6,368,186	15,903	6,352,283	590,555	614,707	(24,152)
6. Florida Foundation Seed Producers, Inc.	June 30, 2017	6,581,039	6,581,039	14,968,472	7,206,189	7,762,283	1,828,885	647,641	1,181,244
7. Florida 4-H Club Foundation, Inc.	March 31, 2017	3,022,300	3,022,300	3,061,700	96,347	2,965,353	1,891,922	1,948,869	(56,947)
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2017	125,239	125,239	148,639	2,094	146,545	92,240	70,934	21,306
9. Citrus Research and Education Foundation, Inc.	June 30, 2017	837,264	837,264	1,173,270	11,127	1,162,143	754,691	429,812	324,879
10. Citrus Research and Development Foundation, Inc.	June 30, 2017	5,065,435	5,065,435	5,858,976	1,124,975	4,734,001	11,459,846	11,791,280	(331,434)
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2016	991,808	991,808	1,782,851	774,524	1,008,327	2,931,406	2,914,887	16,519
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2017	149,495	149,495	150,304	0	150,304	4,028	3,219	809
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, 2017	374,937	374,937	3,085,791	2,550,931	534,860	3,647,424	3,487,501	159,923
15. University of Florida Historic St. Augustine	June 30, 2017	2,060,121	2,060,121	2,695,987	82,241	2,613,746	1,138,812	585,187	553,625
16. University of Florida Development Corporation	June 30, 2017	12,010,779	12,010,779	13,054,532	265,150	12,789,382	2,800,599	2,021,996	778,603
17. GatorCare Health Management Corporation	June 30, 2017	464,089	464,089	57,331,204	56,734,639	596,565	1,378,384	1,245,908	132,476
18. Cattle Enhancement Board, Inc.	June 30, 2017			450,326	450,326		476,010	476,010	
HEALTH SCIENCE CENTER AFFILIATES									
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2017	146,409,534	146,409,534	193,977,960	47,896,816	146,081,144	612,695,958	613,024,348	(328,390)
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2017	59,505,263	59,505,263	91,719,796	25,141,846	66,577,950	257,150,586	250,077,899	7,072,687
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2017	12,495,337	12,495,337	16,119,817	243,070	15,876,747	19,889,822	16,508,412	3,381,410
4. Florida Health Professions Association, Inc.	June 30, 2017	5,391,033	5,391,033	5,861,086	23,093	5,837,993	6,888,707	6,441,747	446,960
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2017	4,173,393	4,173,393	4,102,634	0	4,102,634	915,346	986,105	(70,759)
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2017	3,157,638	3,157,638	4,524,656	1,404,498	3,120,158	10,789,097	10,826,577	(37,480)
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2017	9,437,035	9,437,035	10,915,106	1,476,732	9,438,374	10,874,640	10,873,301	1,339
9. Faculty Clinic, Inc.	June 30, 2017	1,545,464	1,545,464	3,219,600	1,686,870	1,532,730	1,542,212	1,554,946	(12,734)
OTHER AFFILIATED ORGANIZATIONS									
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2017	934,438,000	934,438,000	2,299,204,000	1,247,049,000	1,052,155,000	1,475,874,000	1,358,157,000	117,717,000
2. Shands Jacksonville Healthcare, Inc.	June 30, 2017	191,356,000	191,356,000	566,212,000	374,518,000	191,694,000	698,168,000	697,830,000	338,000
3. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2017	156,628,709	156,628,709	258,487,727	88,231,226	170,256,501	22,869,297	9,241,505	13,627,792

(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 Historic St. Augustine

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following entry summarizes an uncorrected financial statement misstatement whose effect in the current and prior periods, as determined by management, is immaterial to the financial statements taken as a whole:

To allocate research and consulting fees that occurred during the 2017 fiscal year.

719300 Other Services – Non-Employees	$ 1,698.00
211000 Accounts Payable – Vendors	$ 1,698.00

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management:

To record unrecorded liabilities for services performed in the 2017 fiscal year.

719300 Other Services – Non-Employees	$ 23,417.00
732100 Office Supplies – General	$ 2,236.00
211000 Accounts Payable - Vendors	$ 25,653.00

Source: *2017 University of Florida Historic St. Augustine SAS 114 Letter, Uncorrected and Corrected Misstatements*

1

University of Florida Development Corporation

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following entry summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial to the financial statements taken as a whole and each applicable opinion unit:

To record the net amount between June 2016 and June 2017 accrued expense for GRU utility bill:

721200 Gas and Utilities	$ 2,862.00
211000 Accounts Payable - Vendors	$ 2,862.00

Source: 2017 University of Florida Development Corporation SAS 114 Letter, Corrected and Uncorrected Misstatements

2

GatorCare Health Management, Inc.

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

IBNR Estimation – Considerable uncertainty and variability is inherent in estimates for IBNR reserve, and accordingly, the ultimate liability could be significantly in excess of or less than estimates. We noted that actual claims incurred as of June 30, 2016 that were reported during the year ended June 30, 2017 were less than estimated IBNR as of June 30, 2016 by approximately $3.6 million. We recommend that GatorCare perform an analysis of IBNR estimates as compared to actual results at least quarterly to consider reasonableness of estimation methodology or consider whether enhancement to the estimation process is deemed necessary to reasonably determine the level of reserve required.

Management's Response: Management concurs with the recommendation of periodic analysis of the IBNR estimation methodology and will implement as a standard practice.

Magellan Pharmacy Solutions Service Organization Control 1 Report – We noted that GatorCare did not have a copy on file of the most recent Magellan Service Organization Control 1 (SOC 1) report or corresponding bridge letter for the time period between the most recent SOC 1 report and GatorCare's fiscal year end. We recommend that GatorCare obtain the most recent SOC 1 report and any related bridge letters for all third party service providers in a timely manner in order to properly monitor internal controls relied upon from these service providers.

Additionally, we noted that in February of 2017, GatorCare hired Vizient as a Pharmacy Benefit Manager Consultant to perform an annual review of the SOC 1 report and offer recommendations to resolve any qualifications in the report. We recommend that GatorCare perform an assessment of Vizient's annual review and document internally the consideration of the impact of any exceptions and qualified opinions on GatorCare, participating employers, and covered individuals.

Management's Response: Management concurs with the recommendation and will implement procedures to obtain all pertinent documentation from third party service providers. Additionally, management will perform an assessment of Vizient's annual review and document the impact of all pertinent exceptions and qualified opinions.

Source*: 2017 GatorCare Health Management Corporation SAS 114 Letter, Other Recommendations for Improvement to Operations*

3

College of 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 23, 2017. During the audit, we discussed the following matters with management:

Revenue cut-off - In our audit procedures related to revenue, we noted a receivable had not been accrued for amounts related to the Medicare cost reimbursement report and the Medicaid wraparound payments related to patients with service dates during the fiscal year ended June 30, 2017. A reliable cutoff is critical to the accuracy and reliability of the financial statements. We recommend that a collaborative review be performed by Management and the Archer Family Health Clinic to verify that both revenues and expenses are recognized in the appropriate financial reporting period.

Source: *2017 College of Nursing Faculty Practice Association, Inc. SAS 114 Letter, Comments and Recommendations*

4

UNIVERSITY OF FLORIDA
OFFICE OF INTERNAL AUDIT
2017-2018 REVISED WORK PLAN - MIDYEAR

AUDITS & REVIEWS	2017-2018
Business Affairs - Facilities Planning and Construction	*
Business Affairs - ID Card Services	*
Chief Financial Officer - President's Business, Travel and Entertainment Expenses (July 1 to December 31, 2017)	*
Chief Financial Officer - Purchasing Card	*
Chief Information Officer - Decentralized IT Security and Compliance (Engineering)	*
Chief Information Officer - Research Computing	*
Chief Information Officer - Student Systems Implementation	*
Development and Alumni Affairs - Restricted Gifts CY 2017 Endowed	*
Development and Alumni Affairs - Restricted Gifts CY 2017 Non-Endowed	*
Development and Alumni Affairs - Financial Monitoring Controls	*
Institutional Support - Performance Based Funding	*
Institutional Support - Public/Private Partnerships	*
Institutional Support - Risk Management and Prevention	*
~~Institutional Support - Title IX Compliance~~	*
Research - Animal Care Services	*
Research - Export Controls Compliance Program	*
Research - Subrecipient Monitoring	*
~~Student Affairs - Housing Construction and Maintenance~~	*
University Athletic Association - Academic Support Services	*
University Athletic Association - Compliance	*
University Athletic Association - *myUAA* Information Technology	*

UNIVERSITY OF FLORIDA
OFFICE OF INTERNAL AUDIT
2017-2018 REVISED WORK PLAN - MIDYEAR

AUDITS & REVIEWS	2017-2018
PRIOR YEAR PROJECTS FOR COMPLETION	
Chief Financial Officer - Electronic Transfers	✱
Chief Financial Officer - Shared Service Centers	✱
Development and Alumni Affairs - Information Technology General Controls	✱
Development and Alumni Affairs - Legal Compliance	✱
Development and Alumni Affairs - Restricted Gifts CY 2016 Endowed	✱
Development and Alumni Affairs - Restricted Gifts CY 2016 Non-Endowed	✱
Research - Effort Reporting	✱
University Athletic Association - Sports Camps	✱
University Athletic Association - Ticket Office	✱
TOTAL PROJECTS	~~30~~ 28

✱ - Projects Postponed

Office of Internal Audit 2016-2017 Annual Report

Presentation to Committee on Audit and Operations Review December 14, 2017

OIA ANNUAL REPORT HIGHLIGHTS

- **Organization Chart**
- **Operations**
  - **Expenditures**
  - **Planned vs. Actual Time**
  - **Use of Available Time**
  - **Planned vs. Completed Projects**
- **Client Surveys**
- **Investigations**

ANNUAL REPORT

December 14, 2017
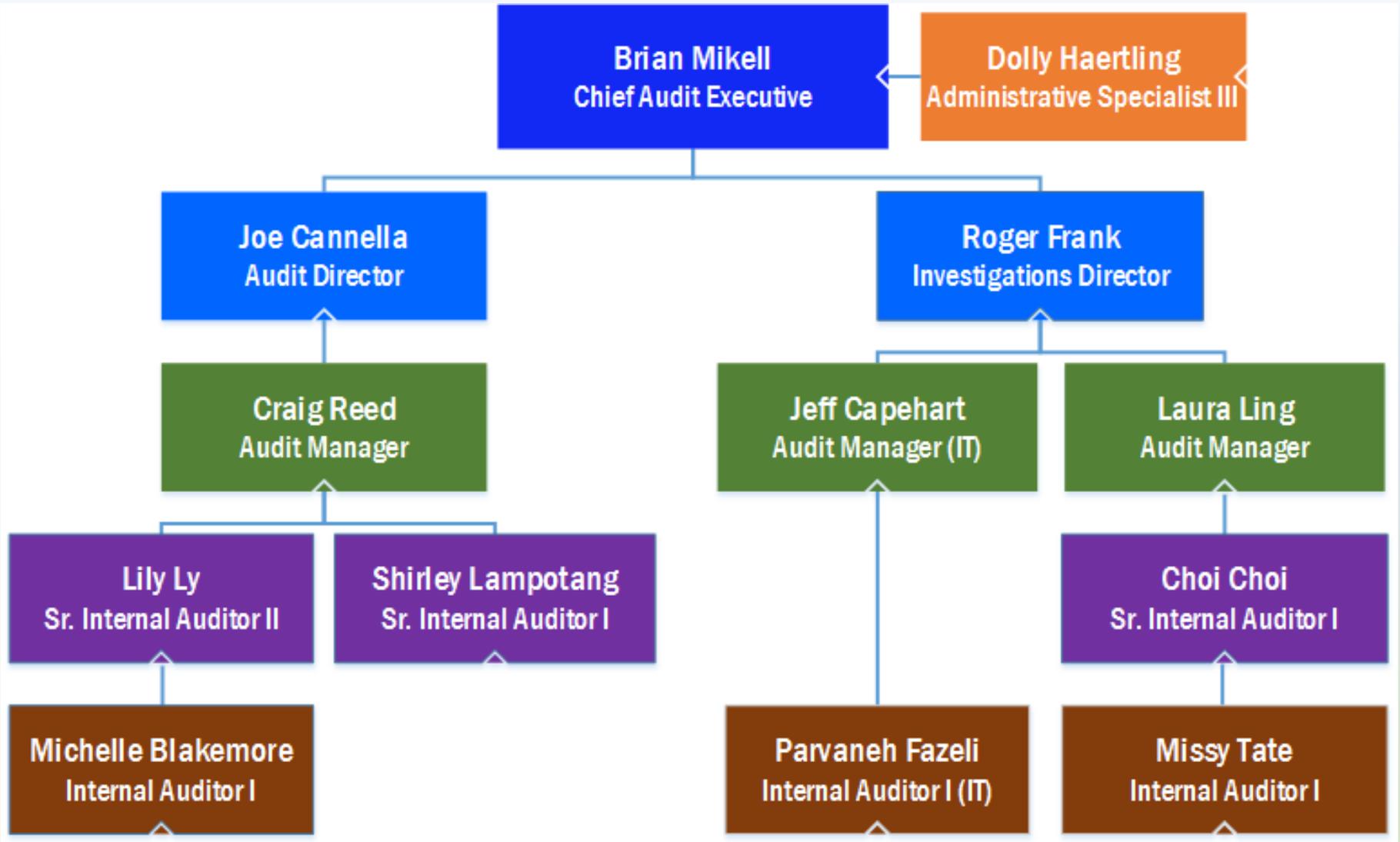
OPERATIONS

- **Expenditures**

Expenditure Category	2014 - 2015	2015 - 2016	2016-2017
Salaries	$1,298,331	$1,309,639	1,462,218
Consultants	0	0	26,796
Fixed Assets	15,149	7,092	8,603
Operating Expenses	27,258	27,079	29,092
Training	8,561	11,896	16,180
Compliance Hotline	9,500	9,500	9,500
Total Expenditures	$1,358,800	$1,365,610	$1,552,389
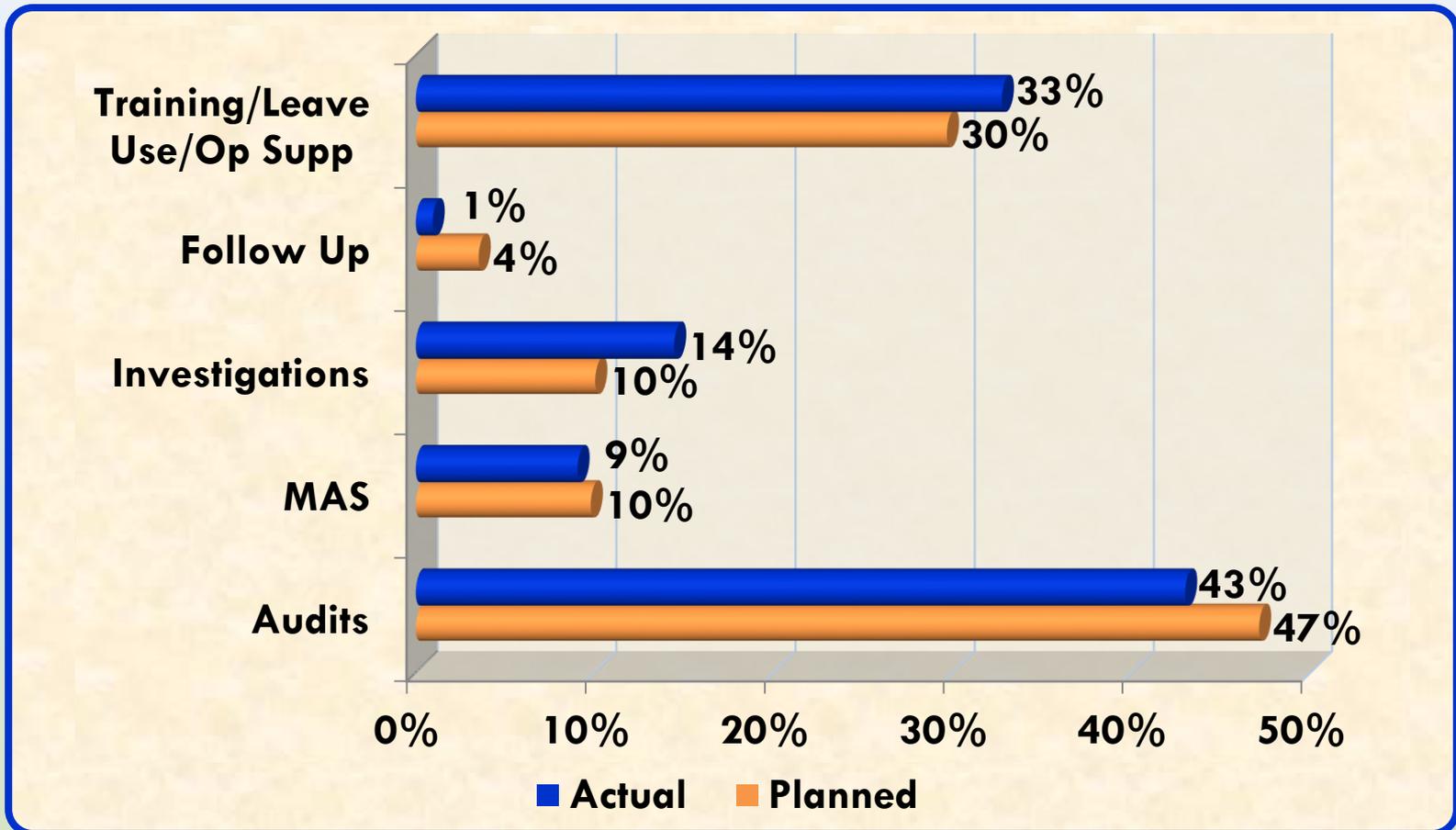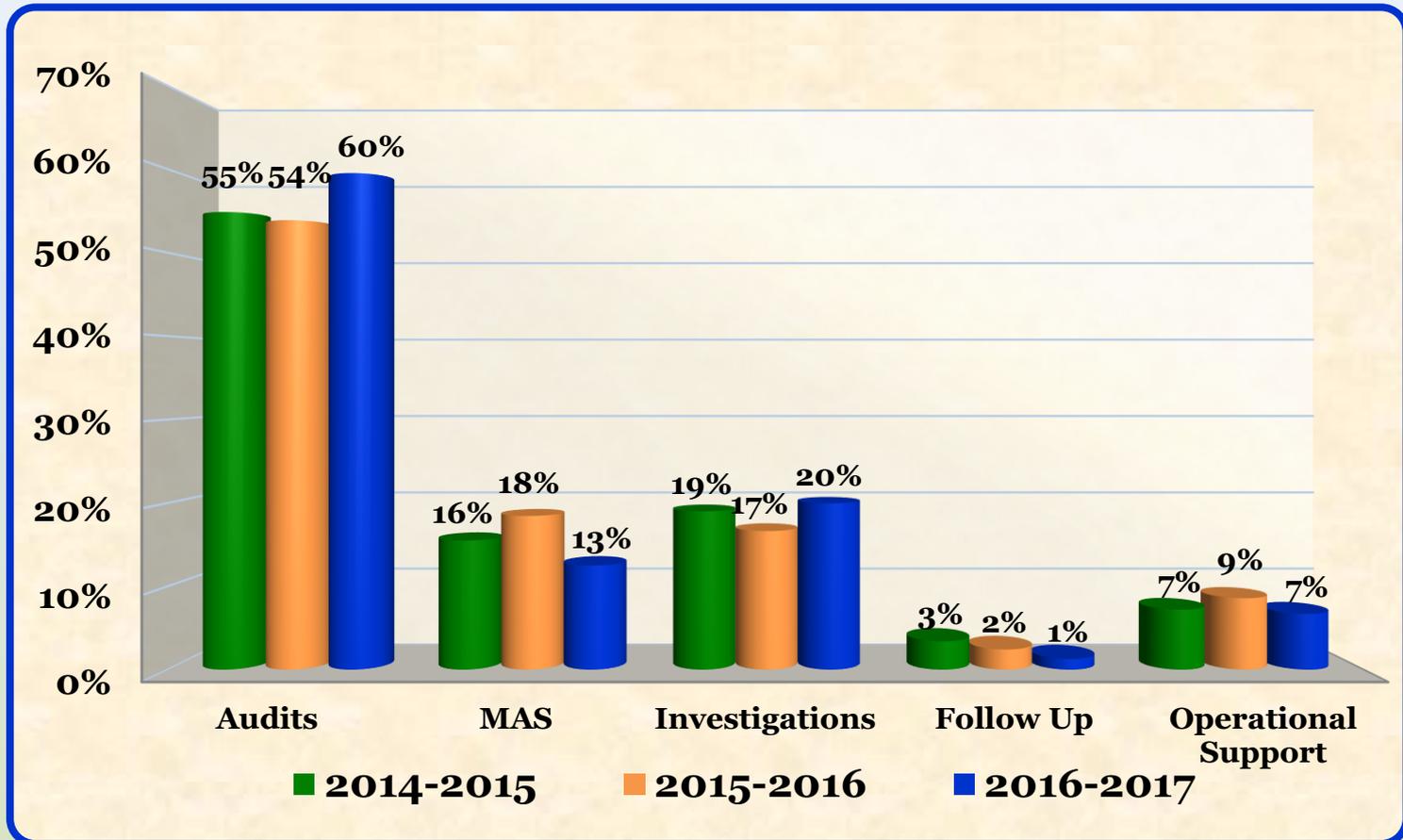
OPERATIONS

- **Projects Planned vs Completed – Three Year Comparison**

|	Planned		Completed		
	Original	Revised	Current	Carry Over	Total
2014-2015	23	22	12	8	20
2015-2016	24	22	9	3	12
2016-2017	21	19	8	7	15
TOTALS	68	63	29	18	47

December 14, 2017
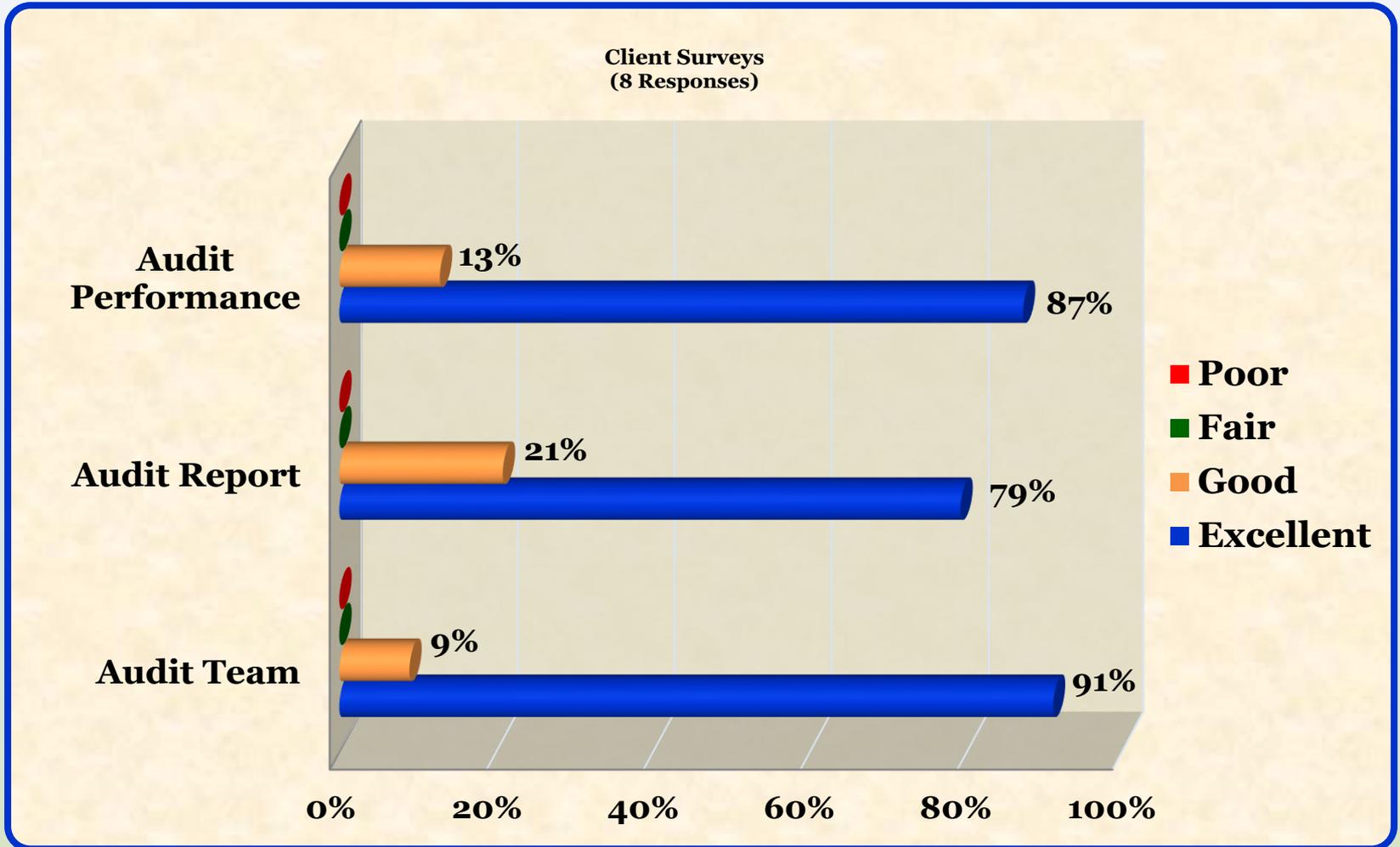
INVESTIGATIONS

- **Handled 112 Complaints and Allegations**

Complaints and Allegations Received
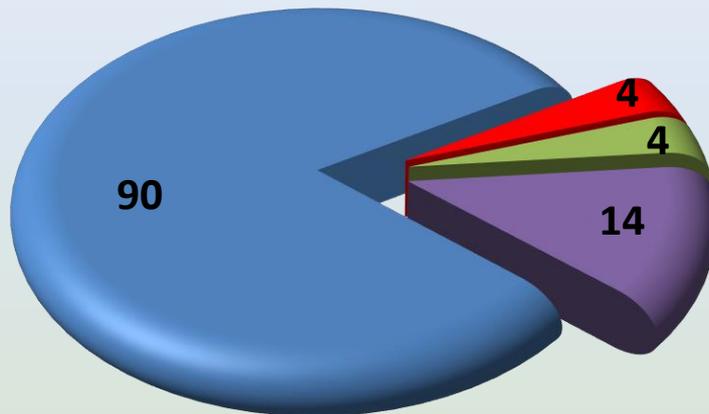
- UF Compliance Hotline
- E-Mail
- Telephone/Fax
- Referral/Letter/Other

Disposition of Complaints/Allegations
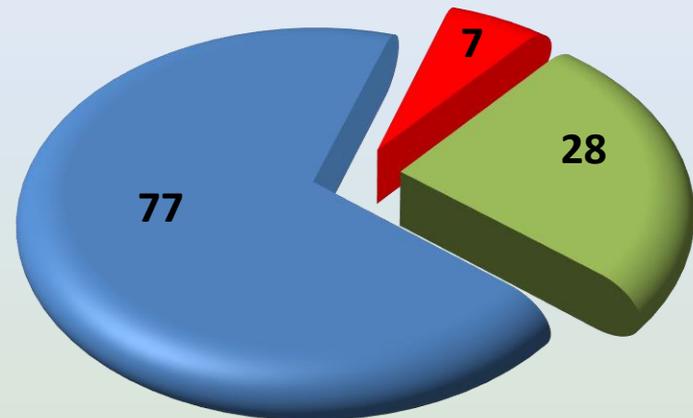
- Referred
- Closed at Intake/On Hold
- OIA Review

80/81

OTHER TOPICS

- **Staff Training**
- **Operational Expenses**
- **Office Direct Time**
- **Audit and Advisory Report Summaries**
- **Follow-up Statistics**
- **Other Staff Activities**
- **Reports Issued**