Board of Trustees Audit & Compliance Committee

Monday, February 24, 2025

Microsoft Teams Virtual Meeting

Trustees: Sandra Callahan, Chair; Oscar Horton, Lauran Monbarren

A G E N D A

I.	Call to Order and Comments	Chair Sandra Callahan
II.	Public Comments Subject to USF Procedure	Chair Callahan
III.	New Business – Action Items	
	a. November 19, 2024, Meeting Notes	Chair Callahan
	b. Approval of Revised Compliance & Ethics Charter	Chief Compliance Officer, Caroline Fultz-Carver
	c. Acceptance of Performance-Based Funding (PBF) and Preeminence Data Integrity Audits & Approval of Data Integrity Certification	Chief Internal Auditor, Virginia Kalil
IV.	New Business – Information Items	
	a. USF/DSO Independent Audit Reports	Chief Financial Officer, Jennifer Condon
	b. Annual Compliance Certifications of DSOs	University Treasurer, Dawn Rodriguez
V.	Adjournment	Chair Callahan

UNIVERSITY of SOUTH FLORIDA

Board of Trustees
Audit & Compliance Committee
NOTES
Tuesday, November 19, 2024
Microsoft Teams Virtual Meeting

I. **Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan. Chair Callahan asked Brittany Dix to call roll. Ms. Dix called roll with the following committee members present: Sandra Callahan, Oscar Horton and Lauran Monbarren. A quorum was established.

II. **Public Comments Subject to USF Procedure**

No requests for public comments were received.

III. **New Business – Action Items**

a. **Approval of August 27, 2024, Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Horton made the motion which was seconded by Trustee Monbarren and the August 27th meeting notes were unanimously approved as written.

b. **Approval of Revised Audit & Compliance Committee Charter**

Virginia Kalil, Executive Director and Chief Internal Auditor, presented the revised Audit & Compliance Committee (ACC) charter. Per Board of Governors (BOG) regulation, the ACC charter must be reviewed and approved by the Board of Trustees (BOT) every three years for consistency with BOG and university regulations, professional standards, and best practices. The ACC Charter was last reviewed and approved in 2021. The Office of Internal Audit and the Office of Compliance & Ethics both provided suggestions for changes to the Charter. As a result of the review, there are four recommended changes: 1) adding the Committee's responsibility to discuss the authority, role, responsibilities, scope and services of the internal audit function; 2) adding the Committee's responsibility to participate in discussions with the Chief Auditor and senior management about the essential conditions that establish the foundation for an effective internal audit function; 3) in the compliance area, adding for the Chief Compliance Officer to discuss any difficulties encountered while performing their work; and 4) technical changes and aligning the risk

areas noted for level one risks for the organization as outlined in the new enterprise risk management process. It was noted by Executive Director Kalil that both changes #1 and #2 are activities that the committee is already participating in, but this is now being added to the Charter in compliance with the new Internal Audit standards.

A motion was made by Trustee Horton to approve the Audit & Compliance Committee (ACC) Charter changes as presented. The motion was seconded by Trustee Monbarren and approved by all Committee members present.

c. **Approval of Revised Internal Audit Charter**

Virginia Kalil, Executive Director and Chief Internal Auditor, presented the revised Internal Audit Charter. Per BOG regulation, the Internal Audit charter must be reviewed and approved by the BOT every three years for consistency with Board of Governors and university regulations, professional standards, and best practices. The Internal Audit Charter was last reviewed and approved in 2022, but Internal Audit is working to meet the new global internal audit standards issued by the Institute of Internal Auditors in January of 2024, so revisions were made to align with these new standards. As a result of the review, the following were recommended changes: 1) technical changes throughout the document such as for acronyms, grammar, or appropriate reference to the standards; 2) adding the word "foresight" to the mission of Internal Audit; 3) adding the mandate for the internal audit function, including the BOG regulation that mandates the internal audit function be created; and 4) the annual requirement to confirm the organizational independence of the internal audit function to the committee.

A motion was made by Trustee Horton to approve the Internal Audit Charter changes as presented. The motion was seconded by Trustee Monbarren and approved by all Committee members present.

d. **Acceptance of Audit & Compliance Committee Performance Assessment**

Executive Director and Chief Internal Auditor Virginia Kalil presented the results of the Audit & Compliance Committee Performance Assessment. In accordance with the Board of Trustees ACC Charter, the committee is required to evaluate its own performance on a periodic basis and communicate the results of this evaluation to the Board. This is the second time the assessment was performed.

Executive Director Kalil explained that the assessment evaluated the elements of the Charter and the conformance to the Charter requirements and included a survey of the committee members to ensure that they are getting the appropriate communication and information from both the Audit Department and the Compliance Department.

The results indicated the Committee is in conformance and complied with all the components within the Charter. From the survey questions to the committee members, there was a solid 5.0 or "strongly agree" score that indicated that the committee members 1) feel strongly that they receive sufficient information to expand their knowledge about current and emerging risks to the organization; 2) that they understand how both of these

departments' work plans cover challenging and critical areas, including emerging risks and existing risks; 3) that they can build a trusting relationship with both of the departments, including candid and continual communication and being able to raise any sensitive issues they would like to talk about; and 4) that the Committee ensures that the roles of these departments meet the Committee's needs for assurance throughout the organization and provide value.

Chair Callahan requested a motion to accept and approve the Audit & Compliance Committee Performance Assessment. The motion was given by Trustee Horton; Trustee Monbarren seconded, and the motion passed.

IV.   **New Business – Information Items**

   a. **Update on New Global Internal Audit Standards**

Executive Director and Chief Internal Auditor Virginia Kalil provided an update on the new global internal audit standards from the Institute of Internal Auditors that were announced in January 2024 and become effective on January 9, 2025, highlighting the changes and the progress made in aligning with these standards. This was the first major change to the International Professional Practices Framework and all of the elements since 2001.

Notable changes included: 1) restructured framework with elements better organized; 2) shift from compliance to performance with best practices in mind; 3) clarification of board and management responsibilities; 4) specific guidance to assist internal auditors in the public sector and for small internal audit functions; and 5) specific guidance and standards on critical areas like cybersecurity.

The reorganization into five different domains includes:
   - Domain I: Purpose of Internal Auditing
   - Domain II: Ethics and Professionalism
   - Domain III: Governing the Internal Audit Function
   - Domain IV: Managing the Internal Audit Function
   - Domain V: Performing Internal Audit Services

Internal Audit (IA) is taking the following actions to ensure compliance with the updated standards: 1) performing a gap analysis between current IA processes and requirements of the standards; 2) reviewing and updating IA's Audit Operations Manual; 3) reviewing and updating IA procedures; 4) updating IA's audit and advisory service templates; 5) updating TeamMate+ Audit Software templates; and 6) reviewing and updating relevant charters – ACC Charter, IA Charter, and Direct Support Organizations (DSO) committee charters.

Themes to the changes being made include: enhancing documentation, including IA's Audit Operations Manual, procedures, and templates to evidence how IA follows best practices; updating report templates to comply with new standards, including the action

plan mitigating the identified risk, action plan owner, and action plan date; and updating IA, ACC, and DSO charters to align with new standards. IA is 85% complete and on track to meet the new standards effective implementation date.

b. **International Fraud Awareness Week**

Executive Director and Chief Internal Auditor Virginia Kalil presented on International Fraud Awareness Week. As part of Internal Audit's (IA) fraud awareness initiative supporting the university's anti-fraud framework, IA joined the Association of Certified Fraud Examiners in recognizing this week to promote anti-fraud awareness and education. The Association of Certified Fraud Examiners states that organizations lose 5% of their revenue each year to occupational fraud, which refers to fraud committed by individuals against the organizations that employ them.

Executive Director Kalil also reminded the Committee about the Fraud Awareness Initiative of the Office of Internal Audit, which includes: 1) monthly "flash" reports on emerging fraud topics; 2) periodic fraud training; 3) on-demand presentations for leadership/unit staff meetings; and 4) special events/activities for Internal Fraud Awareness Week in November. The goal is to make USF employees, the USF community, the Board, students, and everyone to be aware of fraud and become a "Fraud Fighter," by increasing awareness of common fraud schemes, red flags, and what can be done to help prevent and detect fraud. Ms. Kalil also reminded the Committee of the applicable rules and regulations, including the Board of Governors Regulation 3.003 Fraud Prevention and Detection; USF Regulation 5.001 Fraud Prevention and Detection; and USF Policy 0-023 Internal Control and how to report fraud via the EthicsPoint hotline. There was also an announcement of the Fraud Awareness Webinar on Disaster Fraud to be held on November 20.

c. **USF/DSO External Audit Reports**

Jennifer Condon, Vice President for Business and Finance, provided an update on prior external audit reports received along with USF's response and correction status. As reported in the last Audit & Compliance Committee meeting, there are no prior outstanding audit recommendations for USF or our DSOs. For fiscal year 2024, six university and nine DSO audit reports are expected. To date, two University reports and all nine DSO reports have been received, and as of November 19, 2024, no findings or recommendations have been identified.

V. **Adjournment**

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting at 10:30 am.

Agenda Item: III.b

USF Board of Trustees
February 24, 2025

Issue: Compliance & Ethics Charter Revision

Proposed action: Approval of Revised Compliance & Ethics Charter

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Executive Summary:

Florida Board of Governors (BOG) Regulation 4.003 requires "The office of the chief compliance officer [to] be governed by a charter approved by the board of trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices." A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.

In compliance with these regulatory requirements, the current Charter for the Office of Compliance & Ethics (OCE) has been reviewed and one technical change was made to ensure alignment of the Charter with the BOG regulations, professional standards, and best practices.

The current OCE Charter was approved on August 22, 2023.

Financial Impact: N/A

Strategic Goal(s) Item Supports: Goal 5: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base and adapt proactively to emerging opportunities in a dynamic environment.

BOT Committee Review Date: 2/24/2025

Supporting Documentation Online *(please circle):* <mark>Yes</mark>   **No**
 Proposed Revised Compliance & Ethics Charter

Prepared by: Dr. Caroline Fultz-Carver, Chief Compliance Officer

UNIVERSITY of SOUTH FLORIDA

Office of Compliance & Ethics

Charter

This charter identifies the purpose, authority, and responsibilities of the University of South Florida Office of Compliance & Ethics.

I. Purpose

The University of South Florida (USF) Office of Compliance & Ethics ("Compliance & Ethics") is responsible for the coordination and management of all university compliance and ethics activities. Compliance & Ethics provides assurance to the USF Board of Trustees that such activities are reasonably designed, implemented, enforced, and effective in preventing and detecting violations of law, regulations, and policies, as well as violations of ethical principles of conduct. The mission of Compliance & Ethics is to create, support, and promote a university-wide culture of compliance, ethics, and accountability consistent with the Florida Code of Ethics for Public Officers and Employees (FCOE) contained in Part III, Chapter 112, Florida Statutes; Chapter 8, Part B, Section 2.1(b) of the Federal Sentencing Guidelines Manual ("FSG Manual"); and Florida Board of Governors (BOG) Regulation 4.003.

II. Authority and Governance

Compliance & Ethics reports functionally to the Board of Trustees Audit and Compliance Committee and administratively to the USF President. This reporting relationship ensures the independence of Compliance & Ethics and assures adequate consideration of its compliance and ethics recommendations. The Chief Compliance Officer (CCO) has primary responsibility for managing and coordinating Compliance & Ethics. The CCO and Compliance & Ethics staff have organizational independence and objectivity to perform their responsibilities free from influence.

Compliance & Ethics has full and unrestricted access to all USF functions, including its direct support organizations and practice plans, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records laws, needed to fulfill its responsibilities.

Compliance & Ethics is responsible for ensuring confidential records obtained during the course of its activities are adequately secured and are not disclosed without established authority.

III. Responsibilities

Compliance & Ethics is responsible for fulfilling the requirements of an effective compliance program as outlined by the FSG Manual and BOG Regulation 4.003. The CCO and Compliance & Ethics staff shall:

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- Develop and implement a program plan. This plan and any subsequent changes shall be approved by the Board of Trustees and a copy provided to the Board of Governors Office, through the Office of the Inspector General and Director of Compliance (OIGC).

- Provide training to USF employees and Board of Trustee members regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures.

- Facilitate an external review of the program's design and effectiveness at least once every five (5) years. The first external review shall be initiated within five (5) years from the effective date of BOG Regulation 4.003. The review and any recommendations for improvement will be provided to the Board of Trustees and USF President. The assessment shall be approved by the Board of Trustees with a copy provided to the Board of Governors Office, through the OIGC.

- Administer and publicize, in a manner which promotes visibility, an anonymous "hotline" for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith. If the CCO determines the reporting process is being abused by an individual, he or she may recommend actions to prevent such abuse.

- Support and communicate USF policies articulating steps for reporting misconduct and protection from retaliation, including the escalation of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.

- Communicate routinely to the Board of Trustees and USF President regarding program activities and provide an annual report on the effectiveness of the program. Any program plan revisions, based on the CCO's annual report, shall be approved by the Board of Trustees. A copy of the annual report and any program plan revisions shall be provided to the Board of Governors Office, through the OIGC.

- Assist USF in its responsibility to use reasonable efforts to exclude within the university and its affiliated organizations individuals whom it knew or should have known through the exercise of due diligence to have engaged in conduct inconsistent with an effective Program.

- Designate compliance officers for various program areas throughout the university, as either direct reports or accountable reports to the CCO. Such designations will be based on an assessment of risk in any particular program or area. If so designated, the individual shall coordinate and communicate with the CCO on matters relating to the program.

- Promote and enforce the program, in consultation with the Board of Trustees and USF President, 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, the Office of Internal Audit, Title IX-VAWA Compliance, or the Office of the General Counsel) such inquiries, investigations, or reviews deemed appropriate; and in accordance with university regulations and policies, state law, or federal regulations, submit final reports to appropriate action officials.

- Timely notify the Board of Governors Office, through the OIGC, of any significant issues of noncompliance.

To ensure Compliance & Ethics has the capabilities to perform the responsibilities and duties described herein, the CCO will:

- Maintain a professional staff with sufficient size, knowledge, skills, and experience to ensure an effective compliance and ethics program.

- Utilize approved third-party resources as appropriate to supplement programmatic efforts.

- Communicate routinely with the Board of Trustees and USF President regarding Compliance & Ethics activities and perform assessments of programmatic changes and improvements where necessary.

IV. Professional Standards

Compliance & Ethics adheres to the *Florida Code of Ethics for Public Officers and Employees* and the *Code of Professional Ethics for Compliance and Ethics Professionals* adopted by the membership of the Society of Corporate Compliance and Ethics.

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V. Charter Review and Approval

The Board of Trustees-approved Compliance & Ethics Charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and USF regulations, professional standards, and best practices.
A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors, through the OIGC.

_____   Approved on:
                                                  _____
William Weatherford, Chair, USF Board of Trustees

_____   Approved on:
                                                  _____
Rhea F. Law, USF President

_____   Approved on:
                                                  _____
Caroline B. Fultz-Carver, Chief Compliance Officer

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Agenda Item: III.c

USF Board of Trustees
February 24, 2025

Issue: Board of Governors Performance-Based Funding and Preeminence Data Integrity Audits and Certification

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Proposed action: Acceptance of Performance-Based Funding (PBF) and Preeminence Data Integrity Audits and Approval of Data Integrity Certification

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Executive Summary: Pursuant to Florida Statute 1001.706(5)(e) and the Board of Governors Inspector General and Director of Compliance's letter to University Presidents and University Board of Trustees Chairs dated June 24, 2024, the USF Office of Internal Audit (IA) conducted internal audits of PBF and Preeminence Data Integrity. The primary audit objectives for both audits were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions which support the performance measures.

- Provide an objective basis of support for the President and Board of Trustees Chair to sign the representations included in the Data Integrity Certification.

The Board of Governors requires the acceptance of the audit results and the approval of the Data Integrity Certification by the Board of Trustees, with submittal to the Board of Governors by March 1, 2025.

The scope and objectives of both audits were set jointly and agreed to by the University's President, Board of Trustees Chair, Board of Trustees Audit and Compliance Committee Chair, and chief audit executive. IA performed the audits in accordance with the former _International Standards for the Professional Practice of Internal Auditing_ (effective during the audits) as published by the Institute of Internal Auditors, Inc.

Conclusion: Overall, the data integrity audits demonstrated the university has established effective internal controls and monitoring over the university's collection and reporting of data submitted to the Board of Governors used in Performance-based Funding and Preeminence funding decision-making. Additionally, the university has taken timely and appropriate preventive/corrective

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actions in response to audit recommendations. Specifically, enhancements were made related to data validation for the National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey.

Financial Impact: The University received $84.6 million in PBF allocations for fiscal year 2025, including a return of the institutional investment of $38.7 million.

Regarding Preeminence, approximately $78.2 million of recurring funding was received for fiscal year 2025 resulting from the University's Preeminence performance.
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Strategic Goal(s) Item Supports: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

BOT Committee Review Date: 02/24/2025
Supporting Documentation Online (*please circle*):   (**Yes**)   **No**

Data Integrity Internal Audit Presentation
25-010 Performance-Based Data Integrity Audit Report
25-020 Preeminence Data Integrity Audit Report
Data Integrity Certification

Prepared by: Virginia Kalil, Chief Internal Auditor, USF Office of Internal Audit

Performance Metrics Data Integrity Audits

Virginia L. Kalil
Chief Internal Auditor

Audit & Compliance Committee | February 24, 2025

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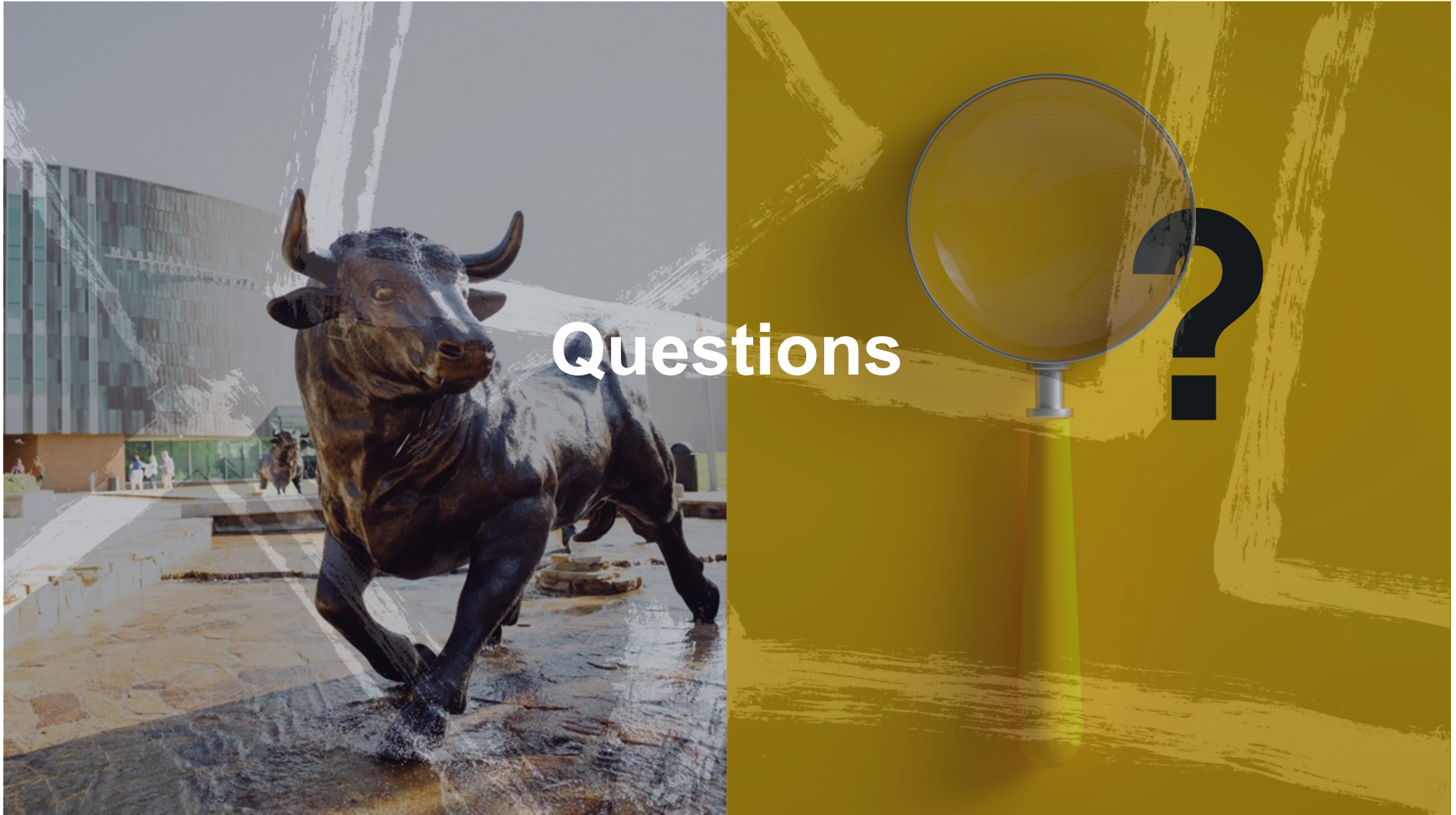
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Overall Objectives

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) which support the performance-based funding (PBF) and preeminence measures

- Provide an objective basis for the President and Board of Trustees Chair to sign the representations included in the Data Integrity Certification

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Scope

- Identifying and evaluating any material changes to the controls and processes, including:
  - *Prior year recommendations*
  - *BOG data definition changes*
  - *Data elements, key personnel, and/or file submission changes*
- Reviewing data resubmissions
- Updating risk assessments, including fraud risks
- Verifying accuracy, completeness, and consistency with BOG expectations of data components, data metric methodologies, and data submitted through detailed testing

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Overall Data Integrity Conclusion

- University has established effective internal controls and monitoring over the university's collection and reporting of data submitted to the BOG used in PBF and Preeminence funding decision-making.

- University has taken timely and appropriate preventive/ corrective actions in response to audit recommendations.

- University enhanced data validation processes for the National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey.

- Audit results validated the accuracy of the achievement status of the performance metrics.

Questions

UNIVERSITY of SOUTH FLORIDA
Office of Internal Audit

25-010 Performance Based Funding Data Integrity Audit
Date: February 13, 2025

DocuSigned by:

Virginia Kalil

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Virginia L. Kalil, CIA, CISA, CFE, CRISC
Executive Director/Chief Internal Auditor

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Executive Summary

The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG). These data submissions are relied upon by the board in preparing the measures (metrics) used in the performance-based funding (PBF) process. This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG by March 1, 2025. This project is part of the approved Internal Audit 2024-2025 Work Plan. The focus of this audit was the internal controls established by USF as of September 30, 2024. Details are included in the scope and objectives section of this report.

The PBF measures are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. For additional information on data files included in this audit, see Exhibit A and Exhibit B.

IA concluded that the system of internal control that ensures the completeness, accuracy, and timeliness of data submissions to the BOG, which supports the PBF measures, offered significant assurance.

Overall Conclusion	Definition
Significant Assurance	There is a generally sound control framework designed to meet the organization's objectives, or controls are generally being applied consistently.

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Scope and Objectives

The audit focused on the internal controls established by USF as of September 30, 2024, to ensure the completeness, accuracy, and timeliness of data submissions to the BOG, which supports the PBF measures. The specific audit objectives were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures.
- Provide an objective basis for the President and BOT Chair to sign the representations included in the Performance-Based Funding Data Integrity Certification, which will be submitted to the BOT and filed with the BOG by March 1, 2025.

The scope and objectives of the audit were set jointly and agreed to by the President, BOT Chair, and BOT Audit & Compliance Committee Chair, and the university's Chief Audit Executive.

In conducting the audit, IA followed a disciplined, systematic approach using the Global Internal Audit Standards. The information system components of the audit were performed in accordance with the *ISACA (Information Systems Audit and Control Association) Standards and Guidelines*. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT 2019 control frameworks were used to assess control structure effectiveness.

Procedures Performed

For term-based submissions, testing of the control processes was performed on the files covering the period Summer 2023 through Spring 2024. For files submitted annually, the current year file was selected for testing if available by November 15, 2024. Our testing focused on the tables and data elements in the files which were utilized by the BOG to compute the performance measure. For additional information on the files included in this review see Exhibit B.

Minimum audit guidelines were established by the BOG in year one which outlined eight key objectives. Although not required, these key objectives have been incorporated into the audit each subsequent year:

1. Verify the Data Administrator has been appointed by the university president and PBF responsibilities incorporated into their job duties.
2. Validate that processes and internal controls in place are designed to ensure completeness, accuracy, and timeliness of data submissions.
3. Determine whether policies, procedures, and desk manuals are adequate to ensure integrity of submissions.

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4. Evaluate the adequacy of system access controls.
5. Verify data accuracy through sample testing of key files and data elements.
6. Assess the consistency of Data Administrator's certification of data submissions.
7. Confirm the consistency of data submissions with the BOG data definitions (files and data elements).
8. Evaluate the necessity and authorization of data resubmissions.

In year one, a comprehensive review of processes and controls was conducted followed by a risk assessment. In each subsequent year, system process documentation was updated to reflect any material changes that took place; a new risk assessment was performed based on the updated system documentation and processes; and a new work plan was developed based on the updated risk assessment. Fraud-related risks, including the availability and appetite to manipulate data to produce more favorable results, were included as part of the risk assessment.

This year's audit included:

1. Evaluating any changes to key processes used by the Data Administrator and data owners/custodians to ensure the completeness, accuracy, and timeliness of data submissions to the BOG.
2. Reviewing all requests to modify data elements and/or file submission processes to ensure they followed the standard change management process and are consistent with BOG expectations.
3. Reviewing the Data Administrator's data resubmissions to the BOG from January 1, 2024, to December 31, 2024, to ensure these resubmissions were both necessary and authorized, as well as evaluating that controls were in place to minimize the need for data resubmissions and were functioning as designed.
4. Tracing samples from the Retention (RET), Student Instructional File (SIF), SIF Degrees Awarded (SIFD), Student Financial Aid (SFA), and Hours to Degree (HTD) BOG files to OASIS (Online Access Student Information System), the system of record. The integrity of these files collectively impacts measures one through 10.
5. Tracing samples from the HTD BOG file to DegreeWorks, a system used to derive whether courses are used towards a degree. The integrity of this file impacts Metric Three – Cost to the Student.

Conclusion

IA concluded that the system of internal control that ensures the completeness, accuracy, and timeliness of data submissions to the BOG, which supports the PBF measures, offered significant assurance.

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Background

In 2014, the BOG implemented the PBF Model which includes ten measures intended to evaluate Florida institutions on a range of issues (e.g., graduation and retention rates, average student costs, etc.). Nine of the measures are common to all institutions, while the remaining one varies by institution and focuses on areas of improvement or the specific mission of the university.

The measures calculations are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. In order to ensure the integrity of the data being submitted to the BOG to support the calculation of the measures, USF has established specific file generation, review, certification, and submission processes.

File Generation Process

USF utilizes an automated process, Application Manager, to extract data files from the original systems of record and reformat and redefine data to meet the BOG data definition standards. The only data file that can be impacted outside the Application Manager process is the Hours to Degree (HTD) submission. (See HTD File Generation Process below.)

This Application Manager process includes the following key controls:

- ✓ The Application Manager jobs can only be launched by authorized Data Stewards. In addition, individuals responsible for the collection and validation of the data have no ability to modify the Application Manager jobs.
- ✓ The Retention File generated by the BOG is downloaded from the BOG SUDS portal to HubMart by the Office of Decision Support – Data Administration (ODS-Data Administration). The Data Stewards and Sub-certifiers cannot change the files.
- ✓ Corrections are made to the original systems of record, and the Application Manager job is re-run until the file is free of material errors.
- ✓ Any changes to the data derivations, data elements, or table layouts in the Application Manager jobs are tightly controlled by ODS-Data Administration and Information Technology (IT) utilizing a formal change management process.
- ✓ There are IT controls designed to ensure that changes to the Application Manager jobs are approved via the standard USF change management process and that access to BOG submission-related data at rest or in transit is appropriately controlled.

Hours to Degree File Generation Process

The HTD file submission has two primary tables: 1) HTD that contains information regarding the students and the degrees issued and 2) Courses to Degree (CTD) that includes information regarding the courses taken and utilization of the courses to degree. The HTD

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file is derived based on data in HubMart (Degrees_Submitted_Vw) and data from the student records system, OASIS (Online Access Student Information System) - a Banner product. The CTD file is generated from a combination of OASIS data and data obtained from the degree certification and advising system (DegreeWorks).

While an Application Manager process is used to create the HTD file, the process utilizes a series of complex scripts to select the population, normalize the data fields to meet BOG data definition standards, and populate course attributes used by the BOG to identify excess hours exemptions. This includes deriving whether courses are "used to degree" or "not used to degree" from DegreeWorks.

The systematically-identified HTD population and CTD file are loaded into two custom Banner reporting tables for validation. Any necessary corrections are made manually by the Data Steward utilizing custom Banner forms.

BOG File Review and Certification Process

USF utilizes a formal review process managed by ODS-Data Administration for all BOG file submissions. The review and certification process includes the following key controls:

- ✓ Data Stewards, Sub-certifiers and Executive Reviewers who had operational and/or administrative responsibility for the institutional data are assigned key roles and responsibilities. The ODS website defines each of these roles.
- ✓ A central repository (DocMart) contains detailed information regarding data elements for each BOG SUDS file.
- ✓ A secured file storage location (HubMart) provides read-only access and functionality to the data collected and extracted into the Data Warehouse from transactional source systems in order to allow Data Stewards and Sub-certifiers to review and validate data.
- ✓ A formal sub-certification and executive review process is in place to ensure that institutional data submitted to the BOG accurately reflects the data contained in the primary systems of record. No BOG file is submitted to the BOG by the Data Administrator until the Executive Reviewer(s) approves the file.
- ✓ A formal process for requesting and approving resubmissions includes a second executive review process.

BOG File Submission Process

Once all data integrity steps are performed and the file is ready for upload to the SUDS portal, a secure transmission process is used by ODS-Data Administration to ensure data cannot be changed prior to submission.

Key controls within this process include:

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- ✓ A dedicated transfer server is used to transmit the BOG SUDS files. Only ODS-Data Administration and IT server administrators have access to the transfer server.
- ✓ Only ODS-Data Administration staff can upload a file from the transfer server to SUDS, edit submissions, generate available reports, or generate reports with re-editing.
- ✓ Only the Data Administrator and Back-up administrator can submit the final BOG file.

Distribution

	Name	Title
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cc	Dr. Charles J. Lockwood	Executive Vice President, USF Health & Dean Morsani College of Medicine
cc	Gerard Solis	Senior Vice President for Legal Affairs & General Counsel, Chief Strategy Officer
cc	Jay Stroman	Senior Vice President for Advancement & Alumni Affairs and Chief Executive Officer, USF Foundation
cc	Dr. Christian E. Hardigree	Regional Chancellor, USF St. Petersburg Campus
cc	Dr. Brett Kemker	Interim Regional Chancellor, USF Sarasota-Manatee Campus
cc	Dr. Darren Schumacher	Chief Executive Officer, Institute of Applied Engineering, Special Advisor to the President
cc	Jennifer Condon	Vice President, Business and Finance, and Chief Financial Officer
cc	Dr. Cynthia DeLuca	Vice President for Student Success
cc	Sidney Fernandes	Chief Information Officer and Vice President for Digital Experiences, Information Technology
cc	Dr. Theresa Chisolm	Vice Provost for Strategic Planning, Performance & Accountability
cc	Stephanie Harff	Associate Vice President, Strategic Enrollment Management
cc	Masha Galchenko	Associate Vice President, Budget and Financial Analysis, and University Controller
cc	Dr. Allison Crume	Associate Vice President and Dean of Undergraduate Studies, Student Success
cc	Dr. Valeria Garcia	Associate Vice President, Office of Decision Support
cc	Martin Smith	Assistant Vice President, Admissions
cc	Catherine Long	University Registrar, Registrar's Office

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Exhibit A – Performance Measures Data Sources

Metric	Metric Description	BOG File	Data Used/Created by the BOG
One	Percent of Bachelor's Graduates Enrolled or Employed (Earning $40,000+) – One Year After Graduation	SIFD	National Student Clearinghouse (NSC), Florida Department of Economic Opportunity (DEO), the Florida Education and Training Placement Information Program (FETPIP), and the State University System Institutions
Two	Median Wages of Bachelor's Graduates Employed Full-time – One Year After Graduation	SIFD	Florida Department of Economic Opportunity (DEO) provides Unemployment Insurance (UI) wages from the State Wage Interchange System (SWIS)
Three	Average Cost to the Student (Net Tuition & Fees for Resident Undergraduates per 120 Credit Hours)	SIF, SFA, HTD	State University Database System (SUDS), the Legislature's annual General Appropriations Act, and university required fees as approved by the Florida Board of Governors
Four	Four Year Graduation Rate (Full-time FTIC)	SIF, SIFD, RET	BOG created Cohort and Retention File
Five	Academic Progress Rate (2nd Year Retention with at least a 2.0 GPA for Full-time FTIC)	SIF, SIFD, RET	BOG created Cohort and Retention File
Six	Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis	SIFD	
Seven	University Access Rate (Percent of Undergraduates with a Pell-grant)	SIF, SFA	
Eight	Percent of Graduate Degrees Awarded within Programs of Strategic Emphasis	SIFD	
Nine[1]	a. Three-Year Graduation Rate for Florida College System (FCS) Associate in Arts Transfer Students b. Six-Year Graduation Rate for Students who are Awarded a Pell Grant in their First Year in College	SIF, SIFD, RET, SFA	BOG created Cohort and Retention File
Ten	Six-year FTIC graduation rate (Full and Part-time)	SIF, SIFD, RET	BOG created Cohort and Retention File

[1]Beginning in fiscal year 2022-2023 the three-year graduation rate for associate in arts transfer students must be included in the performance-based metrics.

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Exhibit B – BOG Files Reviewed

Submission	System of Record	Table	Submission Reviewed
Hours to Degree (HTD)	OASIS, DegreeWorks	Hours to Degree Courses to Degree	2023-2024
Student Financial Aid (SFA)	OASIS	Financial Aid Awards	2023-2024
Student Instructional File - Degree (SIFD)	OASIS	Degrees Awarded	Summer 2023, Fall 2023, Spring 2024
Student Instructional File (SIF)	OASIS	Person Demographics Enrollments	Summer 2023, Fall 2023, Spring 2024
Retention File (RET)	BOG	Retention Cohort Change	2022-2023

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Appendix A – Risk and Overall Conclusion Legend

Risk	Definition
Minor	Insignificant or incidental negative impact
Moderate	Notable negative impact
Major	Significant negative impact
Severe	Substantial, pervasive, or long-lasting negative impact

Overall Conclusion	Definition
Significant Assurance	There is a generally sound control framework designed to meet the organization's objectives, or controls are generally being applied consistently.
Moderate Assurance	There are areas in the control framework or inconsistent application of controls putting the achievement of the organization's objectives at risk.
Limited Assurance	There are weaknesses in the design or inconsistent application of the control framework that require urgent management attention to achieve the organization's objectives.
Weak Assurance	There are considerable weaknesses in the design or inconsistent application of the control framework that will result in, or already has resulted in, failure to achieve the organization's objectives. Immediate management attention is required.

UNIVERSITY of SOUTH FLORIDA
Office of Internal Audit

25-020 Preeminence Data Integrity Audit
Date: February 13, 2025

Virginia L. Kalil, CIA, CISA, CFE, CRISC
Executive Director/Chief Internal Auditor

4202 E. Fowler Ave., SVC 0077 • Tampa, FL 33620
Office: (813) 974-2705 • www.usf.edu/audit

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Executive Summary

The University of South Florida (USF) Office of Internal Audit (IA) performed an audit of the processes and internal controls which ensure the completeness, accuracy, and timeliness of data submissions supporting the 13 Preeminence measures (metrics). These data submissions are relied upon by the Florida Board of Governors (BOG) in assessing USF's eligibility under [Florida Statute 1001.7065 Preeminent state research universities program](#). This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Data Integrity Certification to be filed with the BOG by March 1, 2025. This project is part of the Internal Audit 2024 - 2025 Work Plan. The focus of this audit was on the processes and internal controls established by USF as of September 30, 2024. Details are included in the [scope and objectives](#) section of this report.

Data supporting these metrics comes from a variety of sources including data submitted to the BOG via routine and ad hoc requests, financial data submitted by the USF Foundation regarding endowments, data reported to external entities, and data created and reported by independent entities external to USF's control. USF may assist the BOG's Office of Data Analytics (BOG-ODA) by gathering the data or confirming the data. For additional information on metrics and data sources included in this review see [Exhibit A](#).

IA concluded that the processes and internal controls in place to ensure the completeness, accuracy, and timeliness of data submissions which support the Preeminence metrics offered significant assurance for metrics A-E and I-L and offered moderate assurance for metrics F-H and M due to enhancements needed related to data validation for the National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey. Despite the risk identified, there was no impact to the overall status of each Preeminence metric. Additionally, action plans to remediate the risk identified have been completed by management.

#	Risk Area	Risk Level	Target Date
1	Data Validation	Moderate	Complete

Overall Conclusion	Definition
Moderate Assurance	There are areas in the control framework or inconsistent application of controls putting the achievement of the organization's objectives at risk.

Details are included in the [Risks and Action Plans](#) section of this report.

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Scope and Objectives

This audit focused on the processes and internal controls established by USF as of September 30, 2024, to ensure the completeness, accuracy, and timeliness of data submissions supporting the Preeminence metrics.

The primary audit objectives were to:

- Determine whether the processes and internal controls established by the University ensure the completeness, accuracy, and timeliness of data submissions which support the Preeminence metrics.
- Provide an objective basis for the President and BOT Chair to sign the representations included in the Data Integrity Certification, which will be submitted to the BOT and filed with the BOG by March 1, 2025.

The scope and objectives of the audit were set jointly and agreed to by the President, BOT Chair, the BOT Audit & Compliance Committee Chair, and the university's Chief Audit Executive.

In conducting the audit, IA followed a disciplined, systematic approach using the Global Internal Audit Standards. The information system components of the audit were performed in accordance with the ISACA (Information Systems Audit and Control Association) Standards and Guidelines. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT 2019 control frameworks were used to assess control structure effectiveness.

Procedures Performed

Although not required by the BOG, the following key objectives have been incorporated into the audit this year:

1. Evaluate key processes and controls used by the data owner to ensure the completeness, accuracy, and timeliness of data submission.
2. Validate all populations utilized and recalculate metrics using internal and external data sets, when available.
3. Verify data accuracy through sample testing of key files and data elements.
4. Review the processes followed by the Office of Decision Support (ODS) to ensure the completeness, accuracy, and timely submission of data supporting the metrics.
5. Confirm the consistency of data components and methodology with BOG's expectations for the implementation of Florida Statute (FS) 1001.7065 (Preeminent state research universities program).
6. Determine the overall risk of a data submission being inaccurate or incomplete.
7. Recommend corrective actions where weaknesses were identified.

In the initial year of the Preeminence Data Integrity audit, a comprehensive review of processes and controls was conducted, followed by a risk assessment. In each subsequent year, system process documentation was updated to reflect any material changes that took place; a new risk assessment was performed based on the updated system documentation and processes; and a new work plan was developed based on the updated risk assessment. Fraud-related risks, including the availability and appetite to manipulate data to produce more favorable results, were included as part of the risk assessment.

This year's audit also included:

1. Evaluating any changes to key processes used to ensure the completeness, accuracy, and timeliness of data submissions used in the metrics. This includes verifying new controls put in place to resolve deficiencies identified in the prior year's audit.

2. Validating the accuracy of the data submitted via external surveys: NACUBO (National Association of College and University Business Officers) Endowment Survey, National Science Foundation (NSF) Graduate Students and Postdoctorates in Science and Engineering (GSS) Survey, and the NSF Higher Education Research and Development (HERD) Survey.

3. Verifying data accuracy through sample testing of key files and data elements from the Admission (ADM) BOG files to OASIS (Online Access Student Information System), the system of record. The ADM file is not tested in the Performance Based Funding (PBF) audit, and the integrity of this file affects Preeminence Metric A (Average GPA/Average SAT Score).

Prior Audit Projects

In FY 2023-2024, an audit of the processes and internal controls established by the University to ensure the completeness, accuracy, and timeliness of data submissions supporting the 12 Preeminence metrics reported in the USF 2023 Accountability Plan (IA 24-020, issued February 2, 2024) was performed and two medium-priority risks were reported. The recommendations related to these issues have been reported by management as implemented.

To address the medium-priority risks identified in the 24-020 Preeminence Audit Report, USF Research & Innovation (USFRI) documented a NSF HERD Survey data review process. This data review process will be implemented by USFRI for the FY 2023-2024 NSF HERD Survey submission. Therefore, IA will verify the implementation of outstanding recommendations during the next audit period.

Conclusion

IA concluded that the processes and internal controls in place to ensure the completeness, accuracy, and timeliness of data submissions which support the Preeminence metrics offered significant assurance for metrics A-E and I-L and offered moderate assurance for metrics F-H and M due to enhancements needed related to data validation for the National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey. Despite the risk identified, there was no impact to the overall status of each Preeminence metric. Additionally, action plans to remediate the risk identified have been completed by management.

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Background

Regulatory Requirements

In 2013, the Legislature and Governor approved Senate Bill 1076, (see SB 1076 K-20 Education) creating the Preeminent State Research Universities Program (see FS 1001.7065) and providing added resources and benefits to universities meeting preeminent status. Following the approval of Senate Bill 266 in 2023, there are now 13 academic and research excellence standards established for the preeminent state research universities program and each standard is to be reported annually in the Board of Governors Accountability Plan. FS 1001.7065 indicates that a state university meeting seven out of 13 standards is designated as an "emerging preeminent state research university" and a state university meeting 12 out of 13 standards as a "preeminent state research university."

On June 18, 2019, Senate Bill 190 was approved by the Legislature and Governor, requiring the BOG to define the data components and methodology used to implement FS 1001.7065 and requiring each university to conduct an annual audit to verify that the data submitted pursuant to FS 1001.7065 complies with the data definitions established by the board. The BOG most recently updated the Preeminent Metrics Methodology Document in October 2020.

Accountability Plan

FS 1001.706 Powers and duties of the Board of Governors requires the BOG to "develop an accountability plan for the State University System and each constituent university. The accountability plan must address institutional and system achievement of goals and objectives specified in the strategic plan adopted pursuant to paragraph (b) and must be submitted as part of its legislative budget request."

BOG Regulation 2.002 University Accountability Plans requires each university BOT to "prepare an accountability plan and submit updates on an annual basis for consideration by the Board of Governors. The accountability plan shall outline the university's top priorities, strategic directions, and specific actions for achieving those priorities, as well as progress toward previously approved institutional and System-wide goals."

The university's performance results related to the Preeminence metrics are reported to the BOG via the Accountability Plan, after review and approval by the USF BOT.
- The 2024 Accountability Plan was approved by the USF BOT on April 30, 2024.
- The BOG reviewed and approved the Accountability Plan on June 28, 2024.

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Preeminence Data Sources

The data supporting Preeminence metrics comes from a variety of sources including:

- Data reported to external entities, which is managed in accordance with USF Policy 11-007 Data Submission to External Entities.
- Data submitted to the BOG via routine and ad hoc requests, which is managed by the USF Office of Data Administration & State Reporting.
- Financial data submitted by the USF Foundation (USFF) regarding endowments to the National Association of College and University Business Officers (NACUBO).
- Data that is created and reported by independent external entities outside of USF's control. USF may assist the BOG's Office of Data Analytics (BOG-ODA) by gathering the data or confirming the data, but USF has no ability to impact the data.

USF Roles and Responsibilities for External Data Requests

In order to ensure the integrity of the data submitted to external agencies outside of the BOG process, USF promulgated USF Policy 11-007 which communicates to USF "the roles and responsibilities for responding to requests from External Entities that involve provision of institutional data." The policy applies to all units/offices across USF and provides guidelines for processing data requests by external entities. External data requests not exempted from this policy, "must go through USF's Office of Decision Support (ODS) which has established procedures for processing those requests details of which may be accessed on the ODS Data Request site."

According to USF Policy 11-007, institutional data is defined as "all data elements created, maintained, received, or transmitted as a result of business, educational or research activities of a USF unit or office." External data requests include, but are not limited to, "publications by external entities (NSF, CUPA, ACT, etc.), ranking publications – international and domestic (U.S. News and World Report, Times Higher Education, etc.), surveys administered by or on behalf of external entities (NSSE, THE-WSJ, Princeton Review, etc.), other external reports available to the general public, and mandated reports (IPEDS, etc.)."

ODS Validation Process

There are three surveys used as data sources for the Preeminence metrics: The National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey, the NSF/National Institutes of Health (NIH) Survey of Graduate Students and Postdoctorates in Science and Engineering (GSS), and the National Association of College and University Business Officers (NACUBO) Commonfund Study of Endowments Survey. Due to the financial nature of the NACUBO survey, this survey follows the BOG ad hoc review process.

The remaining two external survey results reviewed by ODS (NSF HERD and GSS) are used in five metrics: Annual Research Expenditures (Metric F), Annual Research Expenditures in

Diversified Nonmedical Sciences (Metric G), Broad Disciplines Ranked in Top 100 for Research Expenditures (Metric H), Post-Doctoral Appointees (Metric K), and Total STEM-related Research Expenditures (Metric M).

BOG Submission Validation Process

Specifically excluded from USF Policy 11-007 are requests from the BOG including official information requests, routine annual requests, and ad hoc special requests, which are managed by ODS. The Institutional Data Administrator manages the ODS process.

ODS is responsible for certifying and managing the submission of data to the BOG on behalf of USF pursuant to BOG Regulation 3.007. ODS serves as a liaison between the BOG-ODA and USF regarding requests for information and coordinates the efforts of academic and administrative resources to ensure timely and accurate reporting. ODS has established roles and responsibilities for those involved in maintaining institutional data, preparing required files for submission to the BOG, and validating the files are accurate and consistent with BOG data definitions. Each data submission is assigned to a primary executive reviewer who is responsible for the review and approval of the institutional data submission prior to the official submission to the BOG.

The process used to create standard BOG submissions, submitted via the State University Data System (SUDS), is audited each year by the Office of Internal Audit (IA).

The following BOG SUDS file submissions are utilized by the BOG to calculate or validate Preeminence metrics:

- Admission file (ADM) used to compute Average GPA & Average SAT (Metric A).
- Student Instruction files (SIF/SIFP) used to generate the First Time in College (FTIC) cohort used in Metrics A, C (Retention Rate), and D (4-yr Graduation Rate) and to calculate metrics.
- SIF Degrees Awarded file (SIFD) used to compute Number of Doctoral Degrees Awarded Annually (Metric J) and 4-yr Graduation Rate (Metric D).

BOG Ad hoc Report Process

The USFF is responsible for calculating and reporting data for the NACUBO Commonfund Study of Endowments which is used for Metric L (Endowments >= $500 Million). USFF utilizes the NACUBO definition of endowments to complete the survey. Once compiled, the endowment team reviews the data, and the data is approved by the Senior Vice President for Legal Affairs and General Counsel, Chief Strategy Officer. The endowment team includes the Vice President/CFO and two additional USFF team members (Assistant Vice President of Investments and USFF Accounting Manager). The NACUBO reporting is also subject to the ODS ad hoc data executive review process.

All BOG ad hoc reports are assigned to a sub-certifier who has been given the responsibility to oversee the definition, management, control, integrity, and maintenance of institutional

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data. A formal executive review meeting may be held, or an executive review is performed via email in which institutional data is reviewed and approved prior to submission to the BOG. Upon approval by the executive review team, the data is provided to ODS for inclusion in the Accountability Plan.

Process Used to Validate Metrics Using External Sources

The results of three of the Preeminence metrics are based on data maintained by external sources including: Public University National Ranking (Metric B), National Academy Memberships (Metric E), and Utility Patents Awarded (Metric I).

University rankings are tracked by ODS on an on-going basis. Annually, the BOG provides identified rankings which are reviewed by ODS who validates the rankings on the external entities' websites. USF does not submit data to the BOG for Metric E or I, the BOG obtains the number of faculty members who are members of a National Academy by reviewing public data without the assistance of USF and obtains the number of patents directly from the United States Patent and Trademark Office (uspto.gov). ODS and the Office of Research & Innovation validate the BOG's counts.

Higher Education Research & Development (HERD) Portal

USF Research & Innovation (USFRI) uses a SQL database (research portal) to compile data used to generate USF's NSF HERD Survey submission. Data from USF systems of record is exported to MS Excel files then uploaded into the research portal. Additionally, each Direct Support Organizations (DSO) logs into the research portal to complete a survey form and provide supporting workpapers. The data files from the various inputs are compiled within the research portal to populate the NSF HERD Survey questions that include data from all USF campuses, One USF. The final NSF HERD Survey reporting is reconciled to the data files and reviewed by USFRI and then by ODS in accordance with USF Policy 11-007 prior to submission to the NSF. The NSF HERD Survey submission process contains data validation edits that identify variances and inconsistencies between questions and require explanations for any large year-to-year variances.

Risks and Action Plans

1. Moderate Risk: Data Validation

Data validation ensures the accuracy and quality of data. Data validation controls are performed to identify data errors, incomplete or missing data and unreasonable data items. Ensuring that the data is accurate and complete helps maintain its integrity. This is particularly important when data is collected from multiple sources and systems as is the case in the compilation of the National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey.

USF Research & Innovation (USFRI) uses a SQL database (research portal) to store and compile data for the NSF HERD Survey. Data from various USF systems of record are exported to MS Excel files and adjustments needed to correct or normalize the data, including the removal of duplicate expenditures, are made to the MS Excel files prior to upload into the research portal.

For the first time, payroll related expenditures related to the Florida High Tech Corridor (FL HTC) research funding were included in the fiscal year (FY) 2023 NSF HERD Survey. In order to ensure the data did not contain duplicate expenditures the payroll expenditures identified for inclusion into HERD were then compared to institutional research expenditures, research related start-up costs and cost sharing already included in separate HERD component reports. The result of the duplicates review was reported in a Power BI report. The Power BI report identified $259,948 in duplicate expenses related to institutional research. When USFRI exported the report from Power BI, they downloaded an incomplete report which only contained 18 of 105 rows. As a result, $181,865 in duplicate expenses were not removed from the MS Excel file prior to uploading the FL HTC data into the research portal.

Strong data validity controls require check figures (i.e., control totals) to be utilized to validate the completeness of data extracted from the Power BI Reports. No check figures were used by USFRI to ensure the data was complete and there was no independent review of the data download to ensure data integrity was maintained. In addition, since this was a new data source, USFRI had not established a formal process for ensuring the data was accurate and complete.

As a result of the prior year IA review (IA 24-020, issued February 2, 2024), USFRI added a data review process to the USFRI's HERD Survey Data Collection Methodology document. This data review process did not define necessary data validation checks such as a comparison of record counts and reconciliation between source systems and exported data.

Inadequate data validation processes pose a risk that errors and inconsistencies in the data are not identified and corrected timely, leading to inaccurate NSF HERD Survey reporting.

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Action Plans	Activity Owner	Target Date
USF Research & Innovation (USFRI) has introduced an enhanced reconciliation data validation control to ensure that the total dollar amounts in the Power BI report align with those in the exported Excel file. The methodology instructions for the Higher Education Research and Development (HERD) Survey preparation have been updated to reflect this enhancement. This additional reconciliation data validation control was applied during the preparation of the FY 2024 HERD Survey.	Dena-Rose Wilson, Director of IREA	Completed
To strengthen its data governance framework, USFRI will identify and document additional data validation standards (e.g. control totals, check figures) expected for compiling the HERD Survey.	Dena-Rose Wilson, Director of IREA	Completed

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Distribution

	Name	Title
To	Dr. Prasant Mohapatra	Provost and Executive Vice President for Academic Affairs
To	Dr. Sylvia Wilson Thomas	Vice President for Research and Innovation
cc	Dr. Charles J. Lockwood	Executive Vice President, USF Health & Dean College of Medicine
cc	Gerard Solis	Senior Vice President for Legal Affairs & General Counsel, Chief Strategy Officer
cc	Jay Stroman	Senior Vice President for Advancement & Alumni Affairs and Chief Executive Officer, USF Foundation
cc	Dr. Christian E. Hardigree	Regional Chancellor, USF St. Petersburg Campus
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cc	Dr. Valeria Garcia	Associate Vice President, Office of Decision Support
cc	Martin Smith	Assistant Vice President, Admissions
cc	Dr. Ruth Huntley Bahr	Dean, Office of Graduate Studies
cc	Catherine Long	University Registrar, Registrar's Office
cc	Dena-Rose Wilson	Director, Institutional Research Effectiveness & Assessment (IREA)

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Exhibit A – Preeminence Data Sources

Metric	Metric Description	Responsible Unit	Source	Data Used/Created by the BOG
A	Average GPA and SAT score for incoming freshman in Fall semester	BOG-ODA	BOG Submission File	The BOG-ODA performs concordance of SAT scores and calculates averages based on the Admission (ADM) file tables provided by USF.
B	Top-50 ranking in national public university rankings	ODS	External websites	List of acceptable organizations maintained by the BOG. USF's performance for listed organizations is prepared by the BOG. ODS validates using external websites.
C	Freshman retention rate (Full-time, FTIC)	ODS	BOG Submission Files	Data based on the BOG Retention File (RET) prepared from the Student Instruction Files (SIF, SIFP). BOG computes the FTIC Cohort and the retention rate.
D	Four-year graduation rate (Full-time, FTIC)	ODS	BOG Submission File	Data based on the BOG files SIF, SIFP used to calculate the FTIC cohort and Student Instruction File-Degrees Awarded file (SIFD). BOG computes graduation rates based on BOG files (SIF, SIFP, and SIFD).
E	National Academy memberships	BOG-ODA	Official membership directories	Calculated by the BOG but validated by USFRI using external websites. A list of acceptable organizations is maintained by the BOG.
F	Total annual research expenditures, including federal research expenditures	USFRI	NSF HERD Survey	Survey utilizes GEMS, FAST, and FAIR data, and R&D activities reported by DSO's.
G	Total annual research expenditures in diversified nonmedical sciences	USFRI	NSF HERD Survey	Same as Metric F.
H	Top-100 national ranking in research expenditures in at least five STEM disciplines	USFRI	NSF HERD Survey	Same as Metric F, except USFRI utilizes department ID number to associate R&D activities with a discipline.
I	Patents awarded over three-year period	BOG-ODA	USPTO website	As reported by USPTO for the most recent three years.
J	Doctoral degrees awarded annually	BOG-ODA	BOG Submission File	BOG computes and ODS validates based on SIFD.
K	Number of postdoctoral appointees awarded annually	OPA	NSF GSS Survey	Survey utilizes GEMS, FAST, and FAIR data.
L	Endowment size	USFF	NACUBO-Commonfund Study of Endowments	USFF financial records in Blackbaud Financial Edge NXT and external investment statements.
M [1]	Total annual STEM-related research expenditures, including federal research expenditures	USFRI	NSF HERD Survey	Same as Metric F.

[1] Following the approval of Senate Bill 266 in 2023, there are now 13 academic and research excellence standards established for the preeminent state research universities program and each standard is to be reported annually in the Board of Governors Accountability Plan.

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Exhibit B – Key Terms

Term	Description
Blackbaud Financial Edge NXT	Financial accounting system used by USF Foundation and USF Research Foundation
BOG-ODA	Florida Board of Governors' Office of Data Analytics
FAIR	Faculty Academic Information Reporting System used to obtain department funded research efforts
FAST	Financial Accounting System used by USF to manage contracts and grant activities
FL HTC	Florida High Tech Corridor, not-for-profit organization partnered with USF
FTIC	First-time in College as defined by IPEDS and the BOG
GEMS	Global Management Employment System used by USF to manage human resource and payroll activities
IAE	Institute of Applied Engineering, direct support organization of USF
NACUBO	National Association of College and University Business Officers NACUBO-Commonfund Study of Endowments
NSF GSS	National Science Foundation/National Institutes of Health Survey of Graduate Students and Postdoctorates in Science and Engineering
NSF HERD	National Science Foundation Higher Education Research and Development Survey
ODS	Office of Decision Support in the Office of the Provost
OPA	Office of Post-Doctoral Affairs in the Office of Graduate Studies
USFRI	USF Research & Innovation
PBF	Performance Based Funding
USFF	USF Foundation, direct support organization of USF
USFRF	USF Research Foundation, direct support organization of USF
USPTO	United States Patent & Trademark Office
R&D	Research & Development expenditures as defined by the HERD Survey
STEM	Science, Technology, Engineering and Mathematics

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Appendix A – Risk and Overall Conclusion Legend

Risk	Definition
Minor	Insignificant or incidental negative impact
Moderate	Notable negative impact
Major	Significant negative impact
Severe	Substantial, pervasive, or long-lasting negative impact

Overall Conclusion	Definition
Significant Assurance	There is a generally sound control framework designed to meet the organization's objectives, or controls are generally being applied consistently.
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Limited Assurance	There are weaknesses in the design or inconsistent application of the control framework that require urgent management attention to achieve the organization's objectives.
Weak Assurance	There are considerable weaknesses in the design or inconsistent application of the control framework that will result in, or already has resulted in, failure to achieve the organization's objectives. Immediate management attention is required.

Data Integrity Certification
March 2025

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

Applicable Board of Governors Regulations and Florida Statutes: Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1001.706(5)(e), 1001.7065, and 1001.92, Florida Statutes.

Instructions: To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the **close of business on March 1, 2025**.

University Name: University of South Florida

Data Integrity Certification Representations:

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 and Preeminence or Emerging-preeminence Status.

2. 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.

3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

Data Integrity Certification, March 2025

4. 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. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.

5. 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.

6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.

7. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes 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 the related metrics.

8. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.

9. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.

Exceptions to Note: Click or tap here to enter text.

Data Integrity Certification, March 2025

Data Integrity Certification Representations, Signatures:

I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) 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: _____
        University President

I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: _____   Date: _____
        University Board of Trustees Chair

Agenda Item: IV.a

USF Board of Trustees
Audit & Compliance Committee Meeting
February 24, 2025

Issue: University and DSO Independent Audit Findings Report
_____

Proposed action: Informational
_____

Executive Summary:

The Independent Audit Findings Report is provided to the Board of Trustees Audit & Compliance Committee at each Committee Meeting and describes audit findings, auditor recommendations, management's responses, and correction status.

The University and DSOs received 14 audits from independent auditors for the fiscal year ended June 30, 2024, with the following results:

- All audits resulted in unmodified audit opinions
- 0 Findings in 13 audits
- 2 Exceptions in the USF Auxiliary Intercollegiate Athletics Agreed Upon Procedures as of June 30, 2024.

One audit report for the fiscal year ended June 30, 2024, has not yet been issued:

- State of Florida Federal Awards Audit

Financial Impact:

N/A

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Strategic Goal(s) Item Supports: **Goal 5: A strong, sustainable and adaptable financial base**
BOT Committee Review Date: **February 24, 2025**
Supporting Documentation Online (*please circle*): **Yes** **No**
Prepared by: **Dawn M. Rodriguez, University Treasurer, (813) 974-7297**

UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES
Independent Audit Findings
Status Report to the BOT Audit & Compliance Committee – February 24, 2025

SUMMARY OF ENTITIES REVIEWED FOR AUDIT FINDINGS

USF Entity	Audit Due Date (Month and Day)	Current Audit Findings	Prior Year Findings	Audit Firm
University of South Florida	Determined by Auditor General	No Findings	1 Finding – Closed *(5/14/24 BOT A&C Meeting)*	State of Florida Auditor General
USF Operational Audit (Schedule Determined by Auditor General)	Determined by Auditor General	No Report in FY 2024	No Report in 2023	State of Florida Auditor General
USF - State of Florida Federal Awards Audit (Formerly A-133)	Determined by Auditor General	Not Yet Received	No Findings	State of Florida Auditor General
USF – Statewide Audit of Bright Futures and Florida Assistance Grants	Determined by Auditor General	No Report in FY 2024	1 Finding – Closed *(8/27/24 BOT A&C Meeting)*	State of Florida Auditor General
USF Auxiliary - Health Sciences Center Self-Insurance Program (SIP)	December 15	No Findings	No Findings	Crowe LLP
USF Auxiliary - Health Sciences Center Insurance Co., Inc. (CIC)	December 15	No Findings	No Findings	Crowe LLP
USF Auxiliary - Intercollegiate Athletics Program	January 15	2 Exceptions *(2/24/25 BOT A&C Meeting)*	1 Exception – Closed *(5/14/24 BOT A&C Meeting)*	James Moore & Co., P.L.
USF Auxiliary - WUSF-FM, A Public Telecommunications Entity	January 15	No Findings	No Findings	James Moore & Co., P.L.
DSO - USF Foundation, Inc.	October 15	No Findings	No Findings	RSM US LLP
DSO - USF Alumni Association, Inc.	October 15	No Findings	No Findings	RSM US LLP
DSO - USF Financing Corporation and USF Property Corporation	October 15	No Findings	No Findings	KPMG LLP
DSO - University Medical Service Association, Inc. (UMSA) and USF Medical Services Support Corporation (MSSC)	October 15	No Findings	1 Finding – Closed *(11/16/23 BOT A&C Meeting)*	Warren Averett
DSO - USF Health Professions Conferencing Corporation (HPCC)	October 15	No Findings	No Findings	CBIZ CPAs
DSO - USF Research Foundation, Inc.	October 15	No Findings	1 Finding – Closed *(11/16/23 BOT A&C Meeting)*	Cherry Bekaert LLP
DSO - USF Sun Dome, Inc.	October 15	No Findings	No Findings	James Moore & Co., P.L.
DSO - USF Institute of Applied Engineering, Inc.	October 15	No Findings	No Findings	Warren Averett
HSSO - USF Health Support Services Organization, Inc.	October 15	No Findings	No Findings	Warren Averett

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UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES
Independent Audit Findings
Status Report to the BOT Audit & Compliance Committee – February 24, 2025

FINDINGS

USF Entity and Audit Report	Audit Finding	Management's Response to Auditor	Current Status of Finding	Target Completion Date
USF AUXILIARY – INTERCOLLEGIATE ATHLETICS PROGRAM				
FY 2024 Independent Accountants' Report on the Application of Agreed-Upon Procedures	**Exception to Procedures:** Auditors noted that of the 39 student-athletes selected, there was one instance in which a student-athlete's athletic aid was not disbursed during FY 2024. The Program discovered this oversight, and will reimburse the impacted student-athlete in the subsequent fiscal year, and submit a violation to the NCAA.	USF enhanced procedures to identify scholarship variances each semester. The new procedures are effective for FY 2025 and the student has been provided the correct amount of aid. **Responsible Party:** Ashley Leko, Senior Associate Athletics Director and CFO of Athletics Department	Enhanced procedures are effective for FY 2025.	June 30, 2025
FY 2024 Independent Accountants' Report on the Application of Agreed-Upon Procedures	**Exception to Procedures:** Auditors noted that the athletics aid equivalency for Men's Soccer exceeded the maximum equivalency limit by 0.06. The institution had previously reported this to the NCAA and it was determined to be a secondary violation – level 3, requiring no further action.	Due to NCAA Legislative changes, NCAA equivalencies have been eliminated moving forward, thus, no further action is required. **Responsible Party:** Ashley Leko, Senior Associate Athletics Director and CFO of Athletics Department	CLOSED	N/A - CLOSED
USF, AUXILIARIES AND DSOs/HSSO				
All prior Findings have been Closed. No new Findings for FY 2024 in the other 13 reports received. 1 Report has not yet been received for FY 2024.				

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Agenda Item: IV.b

USF Board of Trustees
Audit & Compliance Committee Meeting
February 24, 2025

Issue: Annual Compliance Certifications of Direct Support Organizations
_____

Proposed action: Informational
_____

Executive Summary:

Each Direct Support Organization ("DSO") and related entity under the control and direction of the Board of Trustees of the University of South Florida ("USF") is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, as well as those detailed within National Association of College and University Business Officer's Advisory Report on the Sarbanes-Oxley Act of 2002.

Annually, each DSO must certify to the USF Board of Trustees compliance with the requirements described above. This certification must be completed by (1) the Chair of the Board or like position, (2) the Chief Executive Officer or President, and (3) the Chief Financial Officer or individual with overall responsibility for financial operations.

The University received 8 Annual Compliance Certification Statements for the 10 DSOs for the fiscal year ended June 30, 2024 (2 are reported on a consolidated basis).

- No instances of non-compliance with the 24 requirements from five categories of compliance were cited in the 8 Annual Compliance Certification Statements.

Financial Impact:

N/A

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Strategic Goal(s) Item Supports: **Goal 5: A strong, sustainable and adaptable financial base**
Workgroup Review Date: **February 24, 2025**
Supporting Documentation Online (*please circle*):   **Yes**   **No**
USF or Institution specific: **USF**
Prepared by: **Dawn M. Rodriguez, University Treasurer, (813) 974-7297**

UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES
Annual Compliance Certifications of Direct Support Organizations
For the fiscal year ending June 30, 2024

NEW FINDINGS

Direct Support Organization	Compliance Requirement	Finding	Management's Response	Current Status of Finding	Target Completion Date
No Instances of Noncompliance were Reported in the DSO Annual Certification Statements Received to Date. **DSOs certified compliance with the following compliance categories:** (a) Compliance with Laws, Regulations, Policies and Professional Standards (b) System of Internal Controls (c) External Audit (d) Internal Audit (e) Governance	Each Direct Support Organization ("DSO") and related entity under the control and direction of the Board of Trustees of the University of South Florida ("USF") is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, NACUBO's Advisory Report on the Sarbanes-Oxley Act of 2002, and USF Regulation 13.002. Each DSO must certify to the USF Board of Trustees compliance with the requirements described above, and executed by the Chair of the DSO Board, CEO, and CFO.	No Instances of Noncompliance			

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UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES
Summary of DSO Annual Certifications

For the fiscal year ending, June 30, 2024

CERTIFICATION STATEMENTS	USFFC / PC	FOUNDATION	ALUMNI	UMSA / MSSC	HPCC	RESEARCH	SUN DOME	IAE
A. Compliance with Laws, Regulations, Policies and Professional Standards								
1. Compliance with Federal, State and Municipal Laws, Regulations and Professional Standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Compliance with Regulatory Reporting Requirements - Tax Reporting and Industry-Specific Reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Compliance with Debt Covenants	Yes	N/A	N/A	Yes	Yes	Yes	Yes	N/A
B. System of Internal Controls								
1. Internal Control System - Designed & Implemented	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Internal Control System - Incorporated USF Policies, Procedures and Best Practices	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Implemented Risk Management Program	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Risks Assessed Quarterly, Plan of Resolution Prepared and Reported to Board, if needed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Risk Mitigation Strategies Developed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
C. External Audit								
1. External Auditors Retained for Financial Statement Audit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Management Letter Comments Implemented	N/A	Yes	N/A	Yes	Yes	Yes	Yes	Yes
3. External Auditors Prohibited from Performing Non-Audit Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. External Auditors Did Not Employ Organization's Financial Preparer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
D. Internal Audit								
1. Compliance with USF Regulation 13.002 Requirements for USF Office of Internal Audit to Perform Audit and Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Risks and Opportunities Identified by Internal Auditors Have Been Addressed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES
Summary of DSO Annual Certifications

For the fiscal year ending, June 30, 2024

CERTIFICATION STATEMENTS	USFFC / PC	FOUNDATION	ALUMNI	UMSA / MSSC	HPCC	RESEARCH	SUN DOME	IAE
E. Governance								
1. Articles or Bylaws require at least one DSO Board Member to be appointed by the Chair of the Board of Trustees, University President or designee serves on the Board, and Board of Trustees approves all appointments to the Board.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Audit Committee, or Equivalent, Established	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Audit Committee Consists of At Least One Financial Expert	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. External Audit Firm Pre-Approved by Audit Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Independent Audit Committee / Governing Board (N/A if governing documents preclude compliance with this item)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6. Organization complied with USF Regulation 13.002 - Prior Approval of $1M and $2M Purchases, Acquisitions and Projects by the Board of Trustees	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7. Organization has Adopted all Requirements Outlined in USF Regulation 13.002, including 8 Policies								
• Conflict of Interest and Financial Code of Ethics Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Expenditure Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Signatory Authority Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Procurement Policy (to include Supplier Diversity)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Travel Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Internal Controls and Internal Audit Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Workplace Discrimination and Retaliation Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Public Appearance Policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8. Board Conflict of Interest Policy Adopted and Provided Annually	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9. Employee Financial Code of Ethics Adopted and Compliance Reported Annually	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10. Organization has collaborated with USF Information Technology (USF IT) to establish a formally documented governance structure.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Documented governance structure described above was reviewed by DSO leadership and USF IT.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes