



# BOARD OF TRUSTEES Audit & Compliance Committee

**November 10, 2020  
9:00 – 10:00 AM**

## **Florida Polytechnic University WEBEX TELECONFERENCE MEETING**

**Dial in: 1-415-655-0001 | Access code: 171 943 5228#**

### **MEMBERS**

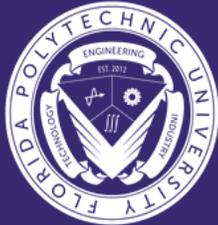
Bob Stork, Chair  
Lyn Stanfield

Mark Bostick, Vice Chair

Dr. Laine Powell

### **AGENDA**

- |       |  |                        |
|-------|--|------------------------|
| I.    | Call to Order  | Bob Stork, Chair       |
| II.   | Roll Call  | Kim Abels              |
| III.  | Public Comment   | Bob Stork, Chair       |
| IV.   | <a href="#">Approval of the September 9, 2020 Minutes</a><br><b>*Action Required*</b>        | Bob Stork, Chair       |
| V.    | <a href="#">2020-22 Audit &amp; Compliance Committee Work Plan</a>                           | David Blanton, CAE/CCO |
| VI.   | <a href="#">Audit &amp; Compliance Update</a>  | David Blanton          |
| VII.  | <a href="#">Bright Futures Audit</a><br><b>*Action Required*</b>                             | David Blanton          |
| VIII. | <a href="#">CARES Act Monitoring Review</a><br><b>*Action Required*</b>                      | David Blanton          |
| IX.   | <a href="#">Textbook Adoptions Monitoring Review – Fall 2020</a><br><b>*Action Required*</b> | David Blanton          |
| X.    | <a href="#">PBF Data Integrity Audit Scope</a><br><b>*Action Required*</b>                   | David Blanton          |
| XI.   | Closing Remarks and Adjournment  | Bob Stork, Chair       |



# Audit & Compliance Committee Meeting

## DRAFT MEETING MINUTES

Wednesday, September 9, 2020  
10:00 AM – 10:15 AM

### Florida Polytechnic University WEBEX TELE-CONFERENCE MEETING

I. Call to Order

Committee Vice Chair Mark Bostick called the meeting to order at 10:50 a.m.

II. Roll Call

Kim Abels called the roll: Committee Chair Bob Stork, Committee Vice Chair Mark Bostick, Trustee Don Wilson, and Trustee Ala' J. Alnaser were present (Quorum).

Other Trustees present: Board Chair Cliff Otto, Trustee Frank Martin, Trustee Gary Wendt, Trustee Earl Sasser, and Trustee Connor Coddington

Staff present: Mr. David Blanton, Mrs. Kim Abels, Ms. Gina Deiulio, Ms. Michele Rush, Mr. Rick Maxey, Mrs. Kris Wharton, President Randy Avent, Provost Terry Parker, and Mrs. Kathy Bowman

III. Public Comment

There were no requests received for public comment.

IV. Approval of the May 20, 2020 Minutes

**Trustee Don Wilson made a motion to approve the Audit & Compliance Committee meeting minutes of May 20, 2020. Trustee Ala' J. Alnaser seconded the motion; a vote was taken, and the motion passed unanimously.**

V. Audit & Compliance Committee Work Plan

Mr. David Blanton, Chief Compliance Officer and Chief Audit Executive, presented the 2020-22 Audit and Compliance Committee Work Plan.

VI. Committee Charter Review and Approval

Mr. Blanton presented the Audit & Compliance Committee Charter for review and approval.

**Trustee Alnaser made a motion to recommend approval of the Audit & Compliance Committee Charter to the Board of Trustees. Trustee Don Wilson seconded the motion; a vote was taken, and the motion passed unanimously.**

VII. Audit & Compliance Update

Mr. Blanton provided the Committee with an update of audit and compliance activities. The

updates included the following:

- a. External Audits: Currently, Florida Poly is undergoing the following audits:
  - Bright Futures – conducted by the Auditor General
  - Statewide Federal Awards Audit – conducted by the Auditor General
  - Financial Audit – conducted by the Auditor General and to begin in the fall
- b. Internal Audit and Compliance Activities: Currently the University has the following projects in progress or planned:
  - CARES Act Federal Award Monitoring Review
  - Textbook Affordability Monitoring Review (Fall 2020 term)
  - Performance Based Funding Audit – to begin in fall 2020

VIII. Auditor General Operational Audit

Mr. Blanton presented the operational audit for calendar year ending December 31, 2019 conducted by the Florida Auditor General. The report included two findings (textbook affordability and background screenings) which was an improvement from the last operational audit that included nine findings.

**Trustee Don Wilson made a motion to recommend approval of the Auditor General Operational Audit for calendar year ending December 31, 2019 to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

IX. UAC Annual Report – FYE 6/30/2020

Mr. Blanton presented the Annual Report summarizing both University audit and compliance activities for the 2019-20 fiscal year. The Board of Governors Regulation 4.002 requires that an annual report be prepared summarizing the Activities of University Audit for the preceding year. Similarly, BOG Regulation 4.003 provides that the chief compliance officer shall report at least annually on the effectiveness of the compliance and ethics program.

Mr. Blanton reviewed key activities of his office including internal audit activity, actual progress in addressing identified areas of risk for 2019-2020, utilization of his time in both audit and compliance activities, and progress made in the 2019-2020 Compliance & Ethics Program Plan. Finally, Mr. Blanton covered general outcomes of allegations and investigations his office reviewed for the prior year.

**Trustee Don Wilson made a motion to recommend approval of the UAC Annual Report for Fiscal year ending June 30, 2020 to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

X. UAC Audit Plan and Risk Assessment – FYE 6/30/21

Mr. Blanton presented the annual risk assessment and activity plan outlining the proposed work to be performed by University Audit for the 2020-21 fiscal year. The goal of the Plan is to effectively use audit resources in order to provide audit coverage to areas with the greatest known risks and to dedicate sufficient time in administering the Compliance and Ethics Program.

This year, three areas were determined to present the highest risk to the University: Performance Based Funding (PBF) reporting controls, institutional scholarship awards, and follow-up on previously reported matters to determine the current status of all corrective

actions taken to date. Mr. Blanton reviewed the steps that will be taken to address these issues, as well as any additional risk assessments should resources become available within the fiscal year.

Mr. Blanton also reviewed the 2020-2021 audit plan which outlines his use of time in conducting the functions and duties of his role as Chief Audit Executive (CAE).

**Trustee Alnaser made a motion to recommend approval of the UAC Audit Plan and Risk Assessment for fiscal year ending June 30, 2021 to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

XI. UAC Compliance and Ethics Program Plan – FYE 6/30/21

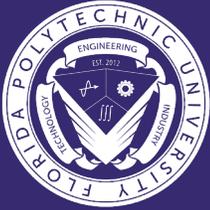
Mr. Blanton presented the annual plan outlining the proposed work to be performed by University Compliance for the 2020-21 fiscal year. The Committee should consider whether the Proposed Plan (a) promotes an organizational culture that encourages ethical conduct and a commitment to compliance and (b) allocates University Compliance resources in an efficient and effective manner.

Mr. Blanton reviewed the seven compliance and ethics areas he will focus on this year: CARES Act interim compliance monitoring, textbook affordability compliance monitoring, statement of financial disclosures and potential conflicts of interest compliance monitoring, foreign influence/foreign gifts and contracts compliance monitoring, compliance and ethics training for employees, development of program assessment criteria, and general compliance activities.

**Trustee Don Wilson made a motion to recommend approval of the UAC Compliance and Ethics Program Plan for fiscal year ending June 30, 2021 to the Board of Trustees. Trustee Alnaser seconded the motion; a vote was taken, and the motion passed unanimously.**

XII. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 11:21 a.m.



# Committee Work Plan

## Audit and Compliance Committee Work Plan 2020-2022

### SEPTEMBER

- Audit & Compliance Update
- Committee Charter Review and Approval
- Auditor General Operational Audit
- University Audit & Compliance (UAC) Update
- UAC Annual Report ~ prior FY
- University Audit Risk Assessment & Audit Plan ~ current FY
- University Compliance & Ethics Program Plan ~ current FY

### NOVEMBER

- University Audit & Compliance (UAC) Update
- CARES Act Monitoring Report
- Textbook Affordability Monitoring Report (Fall semester)
- Bright Futures Audit (2018 & 2019 FY)
- Performance Based Funding Audit Scope

### FEBRUARY

- University Audit & Compliance (UAC) Update
- Performance Based Funding Audit and Data Integrity Certification
- University Financial Audit ~ prior FY
- Foundation Financial Audit ~ prior FY

### MAY

- University Audit & Compliance (UAC) Update
- University Compliance & Ethics Program Plan ~ following FY



**FLORIDA POLYTECHNIC**  
UNIVERSITY

## **Audit and Compliance Committee**

**David A. Blanton**

**November 10, 2020**

# Audit & Compliance Agenda

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- **Audit & Compliance Update**
  - **Bright Futures Audit**
  - **CARES Act Monitoring Review**
  - **Textbook Adoptions Monitoring Review – Fall 2020**
  - **PBF Data Integrity Audit Scope**
-

# Update - External Audits

- **Auditor General: Bright Futures Audit (2 year)**
  - Fieldwork completed, report released 10/20/20
- **Auditor General: Statewide Federal Audit**
  - Title IV Federal Programs (Pell/SEOG/FWS/Federal Loans/ etc.)
  - Fieldwork in progress – report to be issued by 3/31/21
- **U.S. Department of Education (USED)**
  - Program review over Title IV Programs
  - Fieldwork complete – report by mid-January
- **Auditor General: Financial Audit ~ FYE 6/30/20**
  - Fieldwork to start in Nov/Dec 2020

# Update - Internal Audit/Compliance

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- **Completed CARES Act Monitoring Review**
  - **Completed Textbook Adoptions Review (F20)**
  - **Completed desk review of University financial statements**
  - **Completed other consultative work projects**
  - **Hotline monitoring (monthly AACCC reporting)**
  - **In-progress/Upcoming projects:**
    - Performance Based Funding Audit (due to BOT by Feb/BOG by 3/1/21)
    - Textbook Adoptions Monitoring Review (Spring 2021)
    - Follow-up reviews on prior audits
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# Audit & Compliance Agenda

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- Audit & Compliance Update
  - **Bright Futures Audit**
  - **CARES Act Monitoring Review**
  - **Textbook Adoptions Monitoring Review – Fall 2020**
  - **PBF Data Integrity Audit Scope**
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# Auditor General Bright Futures Audit

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- **Scope: Review of university administration of Florida BF program**
  - **Audit period: 2018 and 2019 FYs**
  - **Frequency: Conducted every 2 years**
  - **Current audit = 1 finding**
  - **No repeat findings (uncorrected)**
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# Auditor General Bright Futures Audit

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- **Audit Finding:** The university did not comply with State law and Florida Department of Education (FDOE) policies by timely refunding to the FDOE Program funds, totaling \$1,699, for courses dropped by students and courses from which students withdrew.
  - **117 days late for S18 semester**
  - **Cited for only 1 of 6 semesters examined**
  - **Cause:** Improper calculation of return by former staff member
  - **University Response:** The University agrees with the finding and has adjusted procedures to provide for more than a single person reconciling/reviewing the amount due the State
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# Auditor General Bright Futures Audit

Report No. 2021-044  
October 2020

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

ADMINISTRATION OF THE  
FLORIDA BRIGHT FUTURES  
SCHOLARSHIP PROGRAM  
BY FLORIDA'S PUBLIC  
UNIVERSITIES AND COLLEGES



Sherrill F. Norman, CPA  
Auditor General

**ACTION: Recommend approval of the audit of the Bright Futures Program to the Board.**

# Audit & Compliance Agenda

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- Audit & Compliance Update
  - Bright Futures Audit
  - **CARES Act Monitoring Review**
  - **Textbook Adoptions Monitoring Review – Fall 2020**
  - **PBF Data Integrity Audit Scope**
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# CARES Act Background Information

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- **Florida Poly awarded \$1.253 M in Coronavirus Aid, Relief, and Economic Security Act funds**
  - **Funding split into 2 different purposes:**
    - Direct student aid (\$626,652)
    - Institutional funding (\$626,651)
  - **Award requires monitoring**
  - **BOG will report out in January on SUS monitoring efforts**
  - **Funds were awarded and guidance over proper use was later issued**
  - **One year to expend CARES Act funds**
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# CARES Act Monitoring Results: Student Portion

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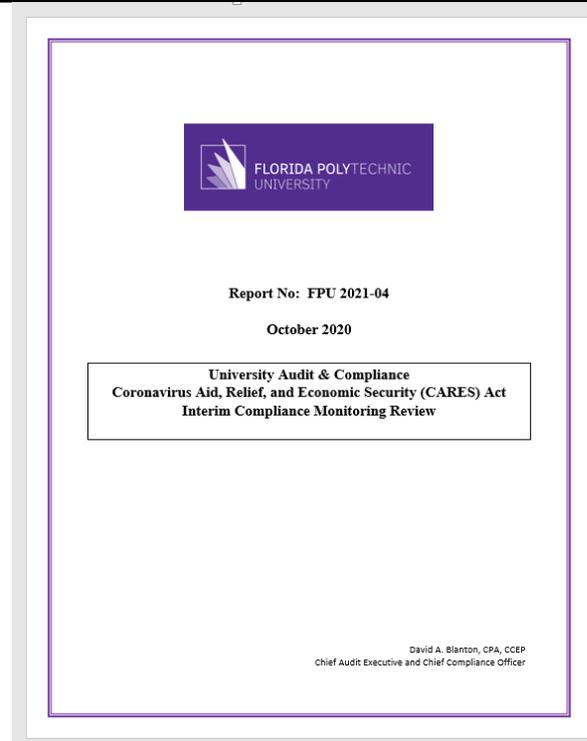
- **15 different compliance criteria applied**
  - **Finding: University established and implemented controls to ensure compliance except as noted below:**
    - Cash Management: Funds drawn in excess of immediate needs and interest earnings on such advanced Federal funds not properly remitted to date
  - **Other Observation: About half of the funds awarded to students as of 9/30/20**
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# CARES Act Monitoring Results: Institutional Portion

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- **10 different compliance criteria applied**
  - **University established and implemented controls to ensure compliance (No non-compliance noted)**
  - **All institutional funds expended by 9/30/20**
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# CARES Act Compliance Monitoring Review



**ACTION: Recommend approval of the CARES Act Compliance Monitoring Review (UAC Report No. 2021-04) to the Board of Trustees.**

# Audit & Compliance Agenda

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- Audit & Compliance Update
  - Bright Futures Audit
  - CARES Act Monitoring Review
  - **Textbook Adoptions Monitoring Review – Fall 2020**
  - **PBF Data Integrity Audit Scope**
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# Textbook Adoption Compliance Monitoring Review

- **Textbook Adoptions (Affordability Law)**

**Background:**

- Required & recommended instructional materials must be posted 45 days prior to start of classes
- Required by Florida Statute and BOG Regulation
- Any change past 45 day point considered an exception (i.e. changing adoption)
- Repeat finding (3<sup>rd</sup> time) in our operational audits
- University has contracted with a new bookstore vendor
- Vendor responsible for posting adoptions to website
- Continued compliance monitoring reports planned for 2020-21 FY as part of Compliance Program Plan and to facilitate AACC oversight

# Textbook Adoptions (F20) Compliance Based on Adoption Date

<b>Table 2</b> <b>Textbook and Instructional Materials</b> <b>Textbook Adoption Dates<sup>4</sup></b> <b>Fall 2020 Term</b>	
Timely Course Sections	226
Late Course Sections	4
Total Course Sections	230
Percent Timely	98.3%
Percent Late <sup>5</sup>	1.7%

<sup>4</sup> Date that university staff communicated the textbook adoption to the vendor, as reflected in vendor's course file.

<sup>5</sup> Excludes the following classes that were included in the vendor's course file as a late posting: Cancelled classes, ghost classes, classes added after the 45-day deadline (July 6, 2020), classes that had a change in a data field (e.g. course section number change) but were otherwise adopted timely.

# Textbook Adoptions (F20) Compliance Based on Posting Date

<b>Table 3</b> <b>Textbook and Instructional Materials</b> <b>Textbook Posting Dates<sup>6</sup></b> <b>Fall 2020 Term</b>	
Timely Course Sections	140
Late Course Sections	90
Total Course Sections	230
Percent Timely	60.9%
Percent Late <sup>5</sup>	39.1%

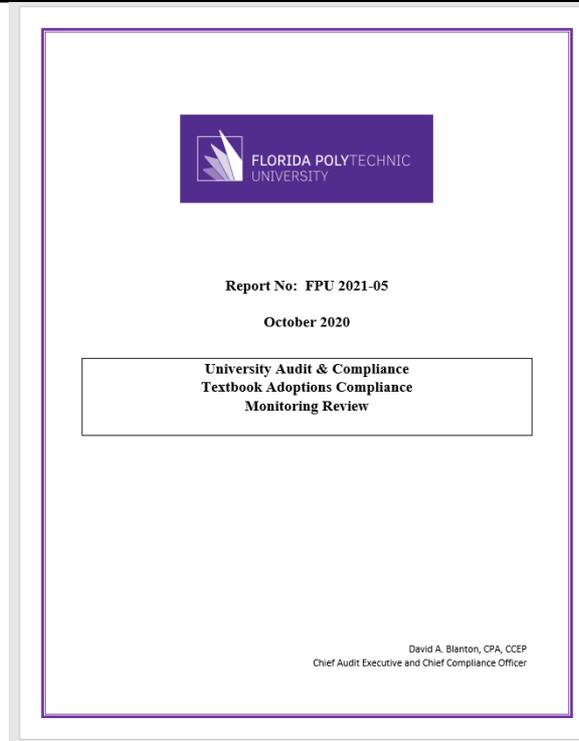
<sup>6</sup> Date that the vendor posted the adoption to the website, as reflected in the vendor's course file.

# Textbook Adoptions (F20) Summary

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- **University is adopting timely (98.3%)**
  - **Vendor's records unable to substantiate compliance with State law and reflects a 60.9% adoption rate**
  - **University staff working with vendor to resolve problems with vendor course file**
  - **University may want to consider alternate method to demonstrate compliance with law**
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# Textbook Adoptions Compliance Monitoring Review



**ACTION: Recommend approval of the Textbook Adoptions Compliance Monitoring Review (UAC Report No. 2021-05) to the Board of Trustees.**

# Audit & Compliance Agenda

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- Audit & Compliance Update
  - Bright Futures Audit
  - CARES Act Monitoring Review
  - Textbook Adoptions Monitoring Review – Fall 2020
  - **PBF Data Integrity Audit Scope**
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# PBF Data Integrity Audit

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- **Performance Based Funding (PBF) Background:**
    - Both an audit and a PBF Data Integrity Certification Due to the BOG by 3/1/21
    - This is the first year of PBF participation by Florida Poly
    - Performance measured against 10 various metrics
    - Underlying data driving the metrics subject to audit
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# PBF Data Integrity Audit Proposed Scope

- **Evaluate validity of representations in BOG certification**
- **Evaluate internal controls over data integrity**
- **Evaluate access controls over applicable systems**
- **Perform detailed tests of data for accuracy and completeness**
  - Admissions file
  - Degrees awarded file
  - Hours to degree file
  - Retention file
  - Student financial aid file
  - Student instruction file
- **Review data submissions for consistency with BOG guidance**
- **Review of resubmissions and reclassifications**

# PBF Data Integrity Audit Scope Approval

- To determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) which support the Performance Based Funding (PBF) Metrics of the University as of September 30, 2020.
- To provide assurance that the various data files which support the PBF metrics, as of September 30, 2020, have been subjected to audit and tested for accuracy and completeness.
- To provide reasonable assurance to the President and the Chair of the Board of Trustees that the representations included in the Performance Based Funding – Data Integrity Certification form are fairly presented.

**ACTION: Recommend approval of the proposed scope of the PBF Data Integrity Audit to the Board.**

**Florida Polytechnic University  
Audit and Compliance Committee  
Board of Trustees  
November 10, 2020**

**Subject: Bright Futures Audit**

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**Proposed Committee Action**

Recommend approval to the Board of Trustees of the Operational Audit performed by the Florida Auditor General for the Administration of the Florida Bright Futures Scholarship Program by Florida's Public Universities and Colleges for the two-year period ending June 30, 2019.

**Background Information**

The Florida Legislature established the Florida Bright Futures Scholarship Program (Program) to provide lottery-funded scholarships to any Florida high school graduate who merits recognition of high academic achievement and enrolls in a degree, certificate, or applied technology program at an eligible Florida public or private postsecondary educational institution within 3 years of high school graduation.

The Florida Department of Education (FDOE) is responsible for administering the Program disbursement and reconciliation process. Each term, the FDOE provides to the institutions a list of eligible students and advances scholarship moneys for disbursement to the students enrolled at the respective institutions. The institutions are to verify that the students have enrolled in the required number of hours to receive the scholarship, calculate the amount of the disbursement based on the type of scholarship for which the student was eligible, and disburse the money to the student. Any moneys not disbursed to eligible students must be returned to the FDOE within 60 days after the end of the regular registration period. Unless the FDOE grants a student an exception, institutions must return Program funds to the FDOE within 30 days after the end of a semester for courses dropped by a student or from which a student has withdrawn after the end of the drop and add period. The institutions are also required to report disbursements, enrolled hours, earned hours, and grade point averages to the FDOE.

Florida Poly students were awarded \$2.1 M and \$2.7 M for the 2017-18 and 2018-19 fiscal years, respectively. The results of the Statewide audit for the two-year period were combined into a single report for all Florida public colleges and universities and is included in the backup information for this action item.

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**Supporting Documentation:** Report No. 2021-044, Administration of the Florida Bright Futures Scholarship Program by Florida's Public Universities and Colleges. (issued by the Florida Auditor General).

**Prepared by:** David A. Blanton, CAE/CCO

**ADMINISTRATION OF THE  
FLORIDA BRIGHT FUTURES  
SCHOLARSHIP PROGRAM  
BY FLORIDA'S PUBLIC  
UNIVERSITIES AND COLLEGES**



Sherrill F. Norman, CPA  
Auditor General

This audit was coordinated by Keith A. Wolfe, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at [jaimehoelscher@aud.state.fl.us](mailto:jaimehoelscher@aud.state.fl.us) or by telephone at (850) 412-2868.

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**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722**

# ADMINISTRATION OF THE FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM BY FLORIDA'S PUBLIC UNIVERSITIES AND COLLEGES

## SUMMARY

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This operational audit focused on the administration of the Florida Bright Futures Scholarship Program (Program) by Florida's 40 public universities and colleges (institutions) for the fiscal years ended June 30, 2018, and June 30, 2019, and included a follow-up on findings noted in our report No. 2018-212. Our operational audit disclosed the following:

**Finding 1:** Nine of the 40 institutions did not comply with State law and Florida Department of Education (FDOE) policies by timely refunding to the FDOE Program funds, ranging from \$539 to \$7,860, for courses dropped by students and courses from which students withdrew. The untimely refunds were made an average of 77 days after the required time frames.

**Finding 2:** Contrary to State law, 3 of the 40 institutions untimely remitted undisbursed Program advances totaling \$51,349 to the FDOE, including \$40,501 remitted by 1 institution 180 days after the regular registration 60-day time frame.

## BACKGROUND

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The Legislature established the Florida Bright Futures Scholarship Program (Program)<sup>1</sup> to provide lottery-funded scholarships to any Florida high school graduate who merits recognition of high academic achievement and enrolls in a degree, certificate, or applied technology program at an eligible Florida public or private postsecondary educational institution within 3 years of high school graduation. The Program consists of three award types: the Florida Academic Scholarship (FAS), the Florida Medallion Scholarship (FMS), and the Florida Gold Seal Vocational Scholarship (Gold Seal).

For the 2017-18 fiscal year, Florida's 12 public universities and 28 public colleges disbursed Program awards totaling \$345,138,320 for 86,971 students, with the amounts disbursed by the universities and colleges totaling \$330,299,431 and \$14,838,889, respectively. For the 2018-19 fiscal year, Florida's 12 public universities and 28 public colleges disbursed Program awards totaling \$491,985,399 for 93,963 students, with the amounts disbursed by the universities and colleges totaling \$470,323,349 and \$21,662,050, respectively.<sup>2</sup> The \$147 million increase in the amount of Program awards disbursed from the 2017-18 fiscal year to the 2018-19 fiscal year is attributed, in part, to:

- An increase in students who met Program eligibility requirements.
- Increased amounts paid for FMS awards from a flat rate per credit hour to 75 percent of authorized tuition and fees.
- The Legislature authorizing FAS and FMS awards for the Summer 2019 term.

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<sup>1</sup> Section 1009.53, Florida Statutes.

<sup>2</sup> We compiled the total Program award disbursements and number of student award recipients from the institutions' records.

Scholarship award amounts are set in the General Appropriations Act each year. For the 2017-18 fiscal year, FAS awards covered 100 percent of tuition and fees, and FMS and Gold Seal awards were based on a fixed cost per credit hour depending upon the institution type in which the student was enrolled. For the 2018-19 fiscal year, FAS and FMS awards covered 100 percent and 75 percent of authorized tuition and fees, respectively, and Gold Seal awards were based on a fixed cost per credit hour based on the recipient educational program. In addition, for the Fall and Spring Semesters, FAS award recipients received a \$300 stipend for books each semester, and those qualifying as Top Academic Scholars received an additional \$44 per credit hour for the 2017-18 and 2018-19 fiscal years.

The Florida Department of Education (FDOE) determines the eligibility of students based on general criteria for Program awards and specific criteria for each scholarship type. After students qualify for an award, they must continue to meet eligibility criteria for renewal awards. Renewal awards eligibility criteria include achieving and maintaining specified grade point averages and completing at least 24 semester credit hours in the last academic year in which the student earned a scholarship if enrolled full time, or a prorated number of credit hours as determined by the FDOE if the student was enrolled less than full time for any part of the academic year.

The FDOE is responsible for administering the Program disbursement and reconciliation process. Each term, the FDOE provides to the institutions a list of eligible students and advances scholarship award moneys for eligible students enrolled at the respective institution. The institutions are to verify that the students have enrolled in the required number of hours to receive the scholarship, calculate the amount of the disbursement based on the type of scholarship for which the student was eligible, and disburse the money for the student. Any moneys not disbursed for eligible students for the Fall and Spring Semesters must be returned to the FDOE within 60 days after the end of the regular registration period. Unless the FDOE grants a student an exception, institutions must return Program funds to the FDOE within 30 days after the end of a semester for courses dropped by a student or from which a student withdrew after the end of the drop and add period. For certain award overpayments, such as overpayments because after a semester ended scholarship recipients withdrew from courses due to extenuating circumstances, the refund must be made within 60 days of the date the overpayment was discovered, unless an exception is granted by the FDOE. The institutions are also required to report disbursements, enrolled hours, earned hours, and grade point averages to the FDOE. **EXHIBIT A** to this report provides a summary of the Program award advances and disbursements reported by each institution for the 2017-18 and 2018-19 fiscal years.

## ***FINDINGS AND RECOMMENDATIONS***

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### **Finding 1: Institution Refunds**

State law<sup>3</sup> requires the Florida Department of Education (FDOE) to transmit, before the registration period each semester, payment for each award to the institutions, except that the FDOE may withhold payment if the receiving institution fails to report or to make refunds to the FDOE as required. Within 30 days after the end of a semester an institution is to make a refund to the FDOE of any Program funds received for

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<sup>3</sup> Section 1009.53(5), Florida Statutes.

courses dropped by a student or courses from which a student has withdrawn after the end of the drop and add period, unless the FDOE has granted the student an exception. In addition, pursuant to the FDOE Policy Manual,<sup>4</sup> refunds for certain award overpayments<sup>5</sup> should be made within 60 days of the date the overpayment was discovered, unless an exception is granted by FDOE. The 12 public universities and 28 public colleges (institutions) refunded to the FDOE Program funds totaling approximately \$10.8 million for students who dropped or withdrew from courses during the 2017-18 and 2018-19 fiscal years.

As part of our audit, we evaluated the timeliness of institution refunds to the FDOE for the Fall 2017 through Summer 2019 Semesters and found that most of the 40 institutions timely refunded amounts to the FDOE as required; however, 9 institutions did not refund Program funds, ranging from \$539 to \$7,860, until an average of 77 days after the required time frames. Table 1 identifies the 9 institutions and, for the semesters for which the Program funds were received, the total amount untimely refunded and the number of days the refunds were late.

**Table 1**  
**Untimely Refunds of Program Funds**  
**For the Fall 2017 through Summer 2019 Semesters**

Institution	Fall 2017		Spring 2018		Summer 2018		Fall 2018		Spring 2019		Summer 2019	
	Amount Refunded	Days Late										
Florida Gulf Coast University	\$ 1,362	72 to 246	\$ -	-	\$3,977	262	\$ 4,259	168	\$ 2,478	59 to 216	\$ -	-
Florida International University	-	-	9,975	18 to 131	-	-	3,803	17 to 76	14,730	5 to 76	-	-
Florida Polytechnic University	-	-	1,699	117	-	-	-	-	-	-	-	-
University of Central Florida	-	-	-	-	-	-	-	-	-	-	7,675	109
Florida State College at Jacksonville	7,200	112	7,183	64	-	-	7,275	113	-	-	-	-
Indian River State College	-	-	2,888	60	-	-	-	-	-	-	-	-
Pasco-Hernando State College	-	-	-	-	-	-	-	-	1,183	57	-	-
St. Johns River State College	-	-	-	-	-	-	7,860	8	4,667	122	-	-
Seminole State College of Florida	4,795	142	-	-	-	-	-	-	-	-	-	-

In response to our inquiries, personnel at the 9 institutions indicated that the delayed refunds occurred because of system programming errors at 5 institutions and other procedural difficulties caused by staff changes at the other 4 institutions. Absent timely refunds to the FDOE, institution records do not demonstrate compliance with State law and FDOE policies, and the FDOE may withhold payment from the receiving institution for failure to make refunds as required.

<sup>4</sup> The Florida Department of Education Office of Student Financial Assistance *State Scholarship and Grant Programs Policy Manual*.

<sup>5</sup> Such overpayments occur, for example, when after a semester ends scholarship recipients withdraw from courses due to extenuating circumstances defined by institution policies.

**Recommendation: Management at the applicable institutions should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.**

## **Finding 2: Remittance of Undisbursed Advances**

State law<sup>6</sup> requires an institution receiving Program funds for the Fall and Spring Semesters to remit any undisbursed advances to the FDOE within 60 days after the end of the regular registration period and, for the Summer Semester, within 30 days after the end of that semester. The institutions remitted to the FDOE undisbursed advances totaling \$1.3 million for the 2017-18 fiscal year and \$3.6 million for the 2018-19 fiscal year.

Our examination of institution records disclosed that, although most of the 40 institutions timely remitted undisbursed Program advances to the FDOE when required, 3 institutions did not always ensure that undisbursed advances were remitted within the required time frame. Specifically, for the Fall 2017 Semester, Florida State College at Jacksonville remitted 180 days late undisbursed advances totaling \$40,501 and Northwest Florida State College remitted 48 days late undisbursed advances totaling \$9,333. In addition, for the Summer 2018 Semester, Palm Beach State College remitted 19 days late undisbursed advances totaling \$1,515.

In response to our inquiries, institution personnel indicated that the delayed remittances occurred because, for example, institutions experienced employee turnover and personnel misunderstood the remittance requirement. Absent timely remittances of undisbursed Program advances to the FDOE, institution records do not demonstrate compliance with State law and the FDOE may withhold payment from the receiving institution for failure to remit the advances as required. We noted a similar finding for Florida State College at Jacksonville in our report No. 2018-212.

**Recommendation: Management at the applicable institutions should establish or enhance procedures to ensure that undisbursed Program advances are timely remitted to the FDOE. Such enhancements should include appropriate training to ensure that institution personnel understand the requirements to timely remit the funds within the statutory time frames.**

## ***PRIOR AUDIT FOLLOW-UP***

The public universities and colleges had taken corrective actions for the finding included in previous audit report of the institutions' administration of the Florida Bright Futures Scholarship Program, except as noted in Finding 2 that Florida State College at Jacksonville was also noted in a similar finding in our report No. 2018-212.

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<sup>6</sup> Section 1009.53(5)(b), Florida Statutes.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations. Pursuant to Section 1009.53(5)(c), Florida Statutes, in connection with our financial audits conducted pursuant to Section 11.45(2)(c), Florida Statutes, we conducted an operational audit of the administration of the Bright Futures Scholarship Program (Program) by the State's 12 universities and 28 colleges for the fiscal years ended June 30, 2018, and June 30, 2019.

We conducted this operational audit from June 2019 through July 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Determine the extent to which the institutions administered Program funds in accordance with applicable laws, rules, and other guidelines relating to the Program; properly accounted for funds received and distributed through the Program; maintained and prepared reliable financial records and reports; and safeguarded Program assets.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-212.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for the activities or functions of the Program included within the scope of our audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for the activities and functions of the Program included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the Program, exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of July 2017 through June 2019, and selected institution actions taken subsequent thereto. Unless

otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- From the population of students who received \$837,123,719 in Program funds during the 2017-18 and 2018-19 fiscal years, examined documentation supporting awards made for a total of 485 students<sup>7</sup> selected from the 40 institutions to:
  - Determine whether the students were properly classified as to residency; had earned high school diplomas; and were enrolled in a minimum of 6 credit hours and no more than 45 credit hours.
  - Determine whether the students were awarded the proper amount for the scholarship earned.
  - Verify the accuracy of credit hours earned and the cumulative grade point averages shown on the grade and hour reports submitted to the FDOE.
  - Determine whether each institution timely filed its grade and hour reports with the FDOE.
- Examined institution records for the 2017-18 and 2018-19 fiscal years to determine whether each institution filed Disbursement Eligibility Reports with the FDOE within 30 days of the last day of the drop and add period for each term.
- Examined institution records for the 2017-18 and 2018-19 fiscal years to determine whether the institutions refunded to the FDOE, within 30 days after the end of each semester, funds received for courses a student had dropped or withdrawn.
- Examined institution records for the 2017-18 and 2018-19 fiscal years to determine whether, after determining an award overpayment, the institutions refunded the FDOE within 60 days in accordance with the FDOE Office of Student Financial Assistance *State Scholarship and Grant Programs Policy Manual*.
- Examined institution records for the 2017-18 and 2018-19 fiscal years to determine whether each institution returned undisbursed Program funds to the FDOE within 60 days of the last day of the drop and add period for the Fall and Spring Semesters, and within 30 days after the end of the Summer Semester for undisbursed Program funds and refunds for withdrawn and dropped courses for Summer courses.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

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<sup>7</sup> We initially selected for testing awards made to 10 students at each of the 40 institutions. The number of awards selected for testing was subsequently expanded at 9 institutions.

## ***AUTHORITY***

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Section 1009.53(5)(c), Florida Statutes, requires a periodic audit of the administration of, and accounting of the moneys for, the Florida Bright Futures Scholarship Program by Florida's public universities and colleges. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this operational audit report be prepared to present the results of that audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA  
Auditor General

# EXHIBIT A

## SUMMARY OF FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM ADVANCES AND DISBURSEMENTS BY STATE UNIVERSITY AND COLLEGE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Institution	Advances <sup>a</sup>	Disbursements <sup>a</sup>			Disbursements Over/(Under) Advances
		From FDOE	Awards to Students	Refunds to FDOE	Total Disbursements	
1	Florida Agricultural and Mechanical University	\$ 1,534,631	\$ 1,430,971	\$ 103,660	\$ 1,534,631	\$ -
2	Florida Atlantic University	8,997,881	8,722,393	275,488	8,997,881	-
3	Florida Gulf Coast University	7,157,004	6,899,259	237,868	7,137,127	(19,877) <sup>c</sup>
4	Florida International University	16,539,006	16,509,652	20,052	16,529,704	(9,302) <sup>b</sup>
5	Florida Polytechnic University	2,123,997	2,092,090	31,907	2,123,997	-
6	Florida State University	60,738,435	60,137,528	600,907	60,738,435	-
7	New College of Florida	3,001,396	2,621,430	379,966	3,001,396	-
8	University of Central Florida	57,226,782	57,127,276	99,506	57,226,782	-
9	University of Florida	127,372,561	123,964,314	3,412,559	127,376,873	4,312 <sup>c</sup>
10	University of North Florida	10,504,126	10,218,134	285,992	10,504,126	-
11	University of South Florida	36,208,080	35,892,703	315,377	36,208,080	-
12	University of West Florida	4,719,140	4,683,681	35,459	4,719,140	-
<b>12</b>	<b>Total Public Universities</b>	<b>336,123,039</b>	<b>330,299,431</b>	<b>5,798,741</b>	<b>336,098,172</b>	<b>(24,867)</b>
1	Broward College	680,046	657,469	22,577	680,046	-
2	Chipola College	326,191	303,739	22,452	326,191	-
3	College of Central Florida	543,186	522,228	20,958	543,186	-
4	Daytona State College	446,308	399,708	46,600	446,308	-
5	Eastern Florida State College	833,576	789,511	44,065	833,576	-
6	Florida Gateway College	180,532	142,319	38,213	180,532	-
7	Florida Keys Community College	15,943	15,565	378	15,943	-
8	Florida SouthWestern State College	444,489	422,981	21,508	444,489	-
9	Florida State College at Jacksonville	538,589	490,699	47,890	538,589	-
10	Gulf Coast State College	421,307	394,312	26,995	421,307	-
11	Hillsborough Community College	626,981	614,736	12,245	626,981	-
12	Indian River State College	489,197	466,013	23,184	489,197	-
13	Lake-Sumter State College	282,399	247,996	34,403	282,399	-
14	Miami Dade College	1,530,288	1,530,288	-	1,530,288	-
15	North Florida College	46,480	43,301	3,179	46,480	-
16	Northwest Florida State College	280,896	254,811	25,896	280,707	(189) <sup>c</sup>
17	Palm Beach State College	825,578	823,760	1,818	825,578	-
18	Pasco-Hernando State College	447,535	432,962	14,573	447,535	-
19	Pensacola State College	284,129	241,213	42,916	284,129	-
20	Polk State College	319,835	292,898	26,937	319,835	-
21	St. Johns River State College	425,734	398,908	26,826	425,734	-
22	St. Petersburg College	651,542	623,753	27,789	651,542	-
23	Santa Fe College	1,701,147	1,631,851	69,296	1,701,147	-
24	Seminole State College of Florida	641,053	628,570	12,483	641,053	-
25	South Florida State College	96,112	92,100	4,012	96,112	-
26	State College of Florida, Manatee-Sarasota	402,771	370,323	32,448	402,771	-
27	Tallahassee Community College	897,711	779,705	118,006	897,711	-
28	Valencia College	1,267,302	1,227,170	40,132	1,267,302	-
<b>28</b>	<b>Total Public Colleges</b>	<b>15,646,857</b>	<b>14,838,889</b>	<b>807,779</b>	<b>15,646,668</b>	<b>(189)</b>
<b>40</b>	<b>Total</b>	<b>\$351,769,896</b>	<b>\$345,138,320</b>	<b>\$6,606,520</b>	<b>\$351,744,840</b>	<b>\$ (25,056)</b>

<sup>a</sup> Amounts reported by institutions as of December 31, 2018.

<sup>b</sup> Amount subsequently refunded to the FDOE for student withdrawals and accounting record adjustments.

<sup>c</sup> Amount represents accounting record adjustments.

**SUMMARY OF FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM  
ADVANCES AND DISBURSEMENTS BY STATE UNIVERSITY AND COLLEGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Institution	Advances <sup>a</sup>		Disbursements <sup>a</sup>		Disbursements Over/(Under) Advances
		From FDOE	Awards to Students	Refunds to FDOE	Total Disbursements	
1	Florida Agricultural and Mechanical University	\$ 2,835,871	\$ 2,394,285	\$ 441,586	\$ 2,835,871	\$ -
2	Florida Atlantic University	15,278,916	14,965,704	313,212	15,278,916	-
3	Florida Gulf Coast University	11,440,198	11,052,405	387,793	11,440,198	-
4	Florida International University	32,963,206	30,639,306	2,317,426	32,956,732	(6,474) <sup>b</sup>
5	Florida Polytechnic University	2,681,167	2,681,044	123	2,681,167	-
6	Florida State University	90,446,799	89,478,603	995,050	90,473,653	26,854 <sup>c</sup>
7	New College of Florida	2,929,793	2,772,989	156,804	2,929,793	-
8	University of Central Florida	88,755,815	88,632,376	123,439	88,755,815	-
9	University of Florida	153,346,794	150,556,311	2,790,850	153,347,161	367 <sup>c</sup>
10	University of North Florida	17,386,346	16,881,020	505,326	17,386,346	-
11	University of South Florida	53,516,565	53,013,501	503,064	53,516,565	-
12	University of West Florida	7,376,462	7,255,805	120,657	7,376,462	-
<b>12</b>	<b>Total Public Universities</b>	<b>478,957,932</b>	<b>470,323,349</b>	<b>8,655,330</b>	<b>478,978,679</b>	<b>20,747</b>
1	Broward College	1,234,974	1,182,056	52,918	1,234,974	-
2	Chipola College	378,668	356,439	22,229	378,668	-
3	College of Central Florida	667,193	661,442	5,751	667,193	-
4	College of the Florida Keys, The (Formerly Florida Keys Community College)	23,310	22,593	717	23,310	-
5	Daytona State College	502,293	482,126	20,167	502,293	-
6	Eastern Florida State College	957,733	946,248	11,485	957,733	-
7	Florida Gateway College	194,674	187,445	7,229	194,674	-
8	Florida SouthWestern State College	530,094	503,612	26,482	530,094	-
9	Florida State College at Jacksonville	612,034	607,847	4,187	612,034	-
10	Gulf Coast State College	472,962	447,799	25,163	472,962	-
11	Hillsborough Community College	988,066	979,629	3,816	983,445	(4,621) <sup>c</sup>
12	Indian River State College	643,355	642,858	497	643,355	-
13	Lake-Sumter State College	386,915	376,413	10,502	386,915	-
14	Miami Dade College	2,579,434	2,566,714	12,720	2,579,434	-
15	North Florida College	56,393	50,020	6,373	56,393	-
16	Northwest Florida State College	346,259	344,359	1,900	346,259	-
17	Palm Beach State College	1,123,379	1,123,379	-	1,123,379	-
18	Pasco-Hernando State College	661,345	645,528	15,817	661,345	-
19	Pensacola State College	322,032	301,381	20,651	322,032	-
20	Polk State College	431,588	431,588	-	431,588	-
21	St. Johns River State College	527,217	513,816	13,401	527,217	-
22	St. Petersburg College	971,937	963,698	8,239	971,937	-
23	Santa Fe College	2,397,140	2,388,577	8,563	2,397,140	-
24	Seminole State College of Florida	996,925	996,925	-	996,925	-
25	South Florida State College	109,500	108,951	549	109,500	-
26	State College of Florida, Manatee-Sarasota	540,549	535,032	5,517	540,549	-
27	Tallahassee Community College	1,566,274	1,426,565	139,709	1,566,274	-
28	Valencia College	1,918,146	1,869,010	49,136	1,918,146	-
<b>28</b>	<b>Total Public Colleges</b>	<b>22,140,389</b>	<b>21,662,050</b>	<b>473,718</b>	<b>22,135,768</b>	<b>(4,621)</b>
<b>40</b>	<b>Total</b>	<b>\$501,098,321</b>	<b>\$491,985,399</b>	<b>\$9,129,048</b>	<b>\$501,114,447</b>	<b>\$ 16,126</b>

<sup>a</sup> Amounts reported by institutions as of December 31, 2019.

<sup>b</sup> Amount subsequently refunded to the FDOE for student withdrawals and accounting record adjustments.

<sup>c</sup> Amount represents accounting record adjustments.

# MANAGEMENT'S RESPONSE

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October 14, 2020

Sherrill F. Norman, CPA  
Auditor General  
State of Florida  
G74 Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Re: Operational Audit of the Florida Gulf Coast (FGCU) Administration of the Florida Bright Futures Scholarship Program; FGCU Management Response and Corrective Action Plan for Audit Finding

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative finding with regard to the FGCU Operational Audit of the Administration of the Florida Bright Futures Scholarship Program performed by the Auditor General's Office for the Fiscal Years ending June 30, 2018 and June 30, 2019. Enclosed is the management response from FGCU for the audit finding. Contained within the management response is a written statement of explanation, including our actual or proposed corrective action.

If you have any questions or need additional information, please feel free to contact my office or William Foster, FGCU Director of Internal Audit, at your convenience.

Sincerely,



Michael V. Martin, Ph.D.  
President  
Florida Gulf Coast University

Enclosure

c: FGCU Board of Trustees  
Steve Magiera, Vice President for Administrative Services & Finance  
Susan Evans, Vice President and Chief of Staff  
Vee Leonard, Vice President and General Counsel  
William Foster, Director of Internal Audit  
June Gutknecht, University Controller  
Claudia Salgado, Senior Auditor, Auditor General's Office  
Ramon Bover, CPA, Audit Supervisor, Auditor General's Office

10501 FGCU Boulevard South, Fort Myers, Florida 33965-6565 • (239) 590-1055 • Fax: (239) 590-1059 • [www.fgcu.edu](http://www.fgcu.edu)  
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**FGCU'S RESPONSE TO THE OPERATIONAL AUDIT OF THE ADMINISTRATION OF THE FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2019 PRELIMINARY AND TENTATIVE FINDING**

**FINDING 1: INSTITUTION REFUNDS:** Nine of the 40 institutions did not comply with State law and Florida Department of Education (FDOE) policies by timely refunding to the FDOE Program funds, ranging from \$539 to \$7,860, for courses dropped by students and courses from which students withdrew. The untimely refunds were made an average of 77 days after the required time frames.

**RECOMMENDATION:** Management at the applicable institutions should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.

**FGCU RESPONSE:** The delayed refunds occurred because of procedural difficulties from withdrawals with extenuating circumstances. The University has reviewed and enhanced its procedures and communication protocol between the Office of Financial Aid, the Office of the Registrar and the Extenuating Circumstance Committee in order to timely report withdrawals with extenuating circumstances. In addition, staff from the Office of Financial Aid and Office of the Registrar have been cross-trained in matters regarding Title IV withdrawals, drops, and extenuating circumstances. Financial Aid staff have been appointed to the Withdrawal with Extenuating Circumstances Committee in order to ensure compliance with statutory time frames.

Implementation Date: October 2020



September 30, 2020

**State of Florida  
Management's Corrective Action Plan –  
Florida International University –  
Bright Futures Scholarship Program  
For Fiscal Years Ended June 30, 2018 and June 30, 2019**

Planned Corrective Action: Untimely refunds of program funds for 2017-2018 & 2018 -2019 were due to approved student petitions. Moving forward, the Office of the Registrar will identify the petition as a Bright Futures student and complete the enrollment adjustment. Then the Bright Futures coordinator will complete the adjustments to Bright Futures and an email will be sent to the state to update their website. Once the state has confirmed the adjustment has been made on their end, the Bright Futures coordinator will request a check in order to return the funds to the state.

Anticipated Completion Date: 09/28/2020

Responsible Contact Person: Francisco Valines

DocuSigned by:

Signature of Contact Person: Francisco Valines



September 18, 2020

Sherrill F Norman, CPA  
Auditor General  
State of Florida  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Ms. Norman,

This letter is in response to the preliminary and tentative audit findings related to the Florida Bright Futures Scholarship audit for fiscal years 2018 and 2019.

**Finding 1. Institution Refunds**

**Recommendation.** Management at the applicable institutions should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.

**Response.** Florida Polytechnic University concurs with the finding. \$1699 was refunded 117 days late in Spring 2018. The refund responsibility fell only under our former Director of Financial Aid at that time. Under new leadership, we have adjusted our procedures since 17-18 to have more than one person reconciling. Currently, the Assistant Director reconciles and the Director completes a second look prior to Payment Summary and D04/Withdrawn student reconciliation. The Financial Aid team also keeps a shared calendar with D04 refund and reconciliation reminders. The calendar reminds the Financial Aid team 15-20 days after the end of the term to ensure we meet the 30-day required deadline to refund.

Should you have any questions or concerns, please contact me at 863-874-8752 or [cmann@floridapoly.edu](mailto:cmann@floridapoly.edu).

  
Carola Mann  
Director of Financial Aid

4700 RESEARCH WAY  
LAKELAND, FL 33805-8531





UNIVERSITY OF CENTRAL FLORIDA

**Office of Student Financial Assistance**

4000 Central Florida Boulevard  
Millican Hall, Room 120  
Orlando, Florida 32816-0113

TO: State Auditor General

FROM: Alicia Keaton  
Director, Student Financial Assistance

SUBJECT: Bright Futures Scholarship Program  
Audit Finding Response

DATE: October 16, 2020

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SFA has reviewed the Auditor General's recommendations and concurs with the finding. Recent personnel changes and additional internal controls have been implemented to ensure funds are returned within the prescribed timeline.

**Alicia Keaton** Digitally signed by Alicia Keaton  
Date: 2020.10.16 15:02:57

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Signature and Date

Phone: 407-823-2827 • Fax: 407-823-5241 • Web: [finaid.ucf.edu](http://finaid.ucf.edu) • a division of Student Development & Enrollment Services

September 18, 2020

Sherrill F. Norman, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Let me express our sincere appreciation for the professional manner in which your staff conducted the audit. Following are the College's responses to the preliminary and tentative findings to be included in the operational audit report of the Administration of the Florida Bright Futures Scholarship Program for the fiscal years ended June 30, 2018 and June 30, 2019.

**Finding 1: Institution Refunds**

**Recommendation:** Management at the applicable institutions should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.

**Response:** The institution has implemented a procedure to review the payment summary information within the OSFA website, bi-weekly, to ensure timely refunds are made.

**Finding 2: Remittance of Undisbursed Advances**

**Recommendation:** Management at the applicable institutions should establish or enhance procedures to ensure that undisbursed Program advances are timely remitted to the FDOE. Such enhancements should include appropriate training to ensure that institution personnel understand the requirements to timely remit the funds within the statutory time frames.

**Response:** The institution has established procedures for the timely remittance undisbursed Program advances back to the FDOE. Immediately following the initial disbursement for the term, any undisbursed balance is being returned to the FDOE. Should a student's disbursement occur after the undisbursed aid has been returned, we will request those additional funds from the State.

Should you have any questions or concerns, please feel free to call me.

Sincerely,

*Albert P. Little*

Albert P. Little  
Vice President, Business Services



**Indian River State College**  
Office of the President

September 25, 2020

Sherrill F. Norman  
Auditor General  
Claude Denson Pepper Building, G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

The following is Indian River State College's response to the preliminary and tentative audit finding on the Florida Bright Futures Scholarship Audit of Colleges for Fiscal Years Ended June 30, 2018 and June 30, 2019.

**Finding 1 Institution Refunds:**

Management at the applicable institutions should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.

**Indian River State College Response:**

IRSC acknowledges and accepts the Auditor General's recommendation. The College will continue to abide by the requirements to ensure that State Program funds for dropped or withdrawn courses are refunded to the State on a timely manner. The College will enhance its procedures to correct these errors. The College has implemented an internal report that is run and reviewed on a monthly basis to identify any students who may have withdrawn or dropped and to determine any funds that need to be remitted back to the FDOE within the required timeframe. Additionally, the College will have dedicated staff to coordinate the State programs and to monitor and run the internal processes to ensure the timeliness of refunds to the State.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Moore'.

Timothy E. Moore, Ph.D.  
President

3209 Virginia Avenue ■ Fort Pierce, Florida 34981-5596 ■ Ph: 772-462-4701 ■ [www.irsc.edu](http://www.irsc.edu)

Fort Pierce ■ Okeechobee ■ Port St. Lucie ■ Stuart ■ Vero Beach



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## THE OFFICE OF THE PRESIDENT

October 5, 2020

Sherrill F. Norman, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Please find our response to the preliminary and tentative audit findings and recommendations related to the College's administration of the Florida Bright Futures Scholarship Program for fiscal years ended June 30, 2018 and June 30, 2019.

Finding 1: Untimely Refund of Program Funds

Recommendation: Management should establish or enhance procedures to ensure that Program funds for dropped or withdrawn courses are timely refunded to the FDOE. Such enhancements should include appropriate training to help staff minimize the number of system programming errors and ensure that institution personnel understand that funds must be remitted within required time frames.

Response: The College concurs with the finding. The three students were placed in no show status instead of a withdrawal status which were not captured on the withdrawal report. The reporting error was found later and corrected. The college has enhanced procedures to ensure the funds are returned within the required timeframe of sixty (60) days.

If you have any questions, please contact Brian Horn, Senior Vice President and Chief Financial Officer at 727-816-3458.

Sincerely,

---

Dr. Timothy L. Beard, Ph.D.  
President

---

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October 16, 2020

Ms. Sherrill F. Norman, CPA  
Auditor General  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

We are providing this letter in response to the audit findings and recommendations on our operational audit of the Administration of the Florida Bright Futures Scholarship Program by Florida’s Public Universities and Colleges for the Fiscal Years Ended June 30, 2018 and June 30, 2019.

**In response to Audit Finding 1: Institution Refunds –**

Seminole State College created a separate State Reporting and Refund Calendar that is now monitored by a minimum of two staff members to ensure that the return of funds occurs prior to the established deadlines. Additional training has been provided to staff to ensure ongoing compliance.

Due to our 12 week and B session add/drop dates being much later into the term, our final disbursements for a term occur after the deadline to return funds. The College has changed its procedure to return funds in compliance with the deadline, regardless of when it occurs relative to the final disbursements for 12 week or B term schedule.

We implemented these revised processes in Fall 2017 (*not Fall 2016 as previously reported*) during the prior Bright Futures Audit that was issued in June 2018 as Report number 2018-212. No late returns in subsequent semesters were noted by the Auditor after this revised process was implemented.

Please do not hesitate to contact me at (407) 708-2001 or Ms. Judith Cooper, Associate Vice President of Financial Services, by email at [cooperja@seminolestate.edu](mailto:cooperja@seminolestate.edu) or by phone at (407) 708-2138 if you require any additional information.

Sincerely,

F. Joseph Mazur III, MS-CIS, CPA  
Vice President of Business Operations and Chief Financial Officer

CC: Dr. Georgia L. Lorenz, President  
Mr. Johnny Craig, Vice President of Student Affairs

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PALATKA, FL 32177-3807 | (386) 312-4200

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ST. AUGUSTINE, FL 32084-1197 | (904) 808-7400

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September 24, 2020

Sherrill F. Norman, CPA  
Auditor General State of Florida  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Re: Florida Bright Futures Scholarship Program Operational Audit

Dear Ms. Norman:

In response to your letter dated September 16, 2020, regarding the preliminary and tentative audit findings and recommendations for the Florida Bright Futures Scholarship Program, following is the College's response and Corrective Action Plan.

Response to Finding 1: Institution Refunds

The Fall 2018 withdrawn amount returned eight (8) days late was due to an unforeseen family emergency issue with the staff member responsible for handling the processing of the returns. The funds were returned as soon as the staff member returned to work in January 2019.

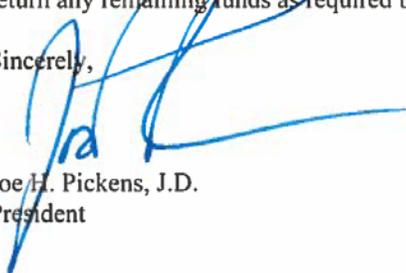
The Spring 2019 withdrawn amount returned 122 days late is due to a combination of items.

1. Departmental turnover of the advisors (five in total over a two-year timespan) in charge of Bright Futures.
2. Lack of full and complete lifecycle training for each new advisor who took over the Bright Futures responsibilities, also due to high turnover.
3. Reconciliation between the Business Office and the Financial Aid Office was based on looking at all terms, or total award year, rather than reconciling on a term by term basis.

Proposed Corrective Action Plan:

The responsibility of awarding, reconciling, withdrawing, and reporting of all Bright Futures has been assigned to a Financial Aid Coordinator with years of experience. The Financial Aid Office's policy and procedure has been updated to perform reconciliation every month, to the current term, to prior terms, award year, and, if needed, prior years. After final grades are posted for Part of Term A, withdrawals/drops are reported to OSFA and funds returned promptly rather than waiting until the end of the full term. At the end of the full term and after final grades are posted, the withdrawal/drops process is done once more within thirty (30) days to report and return any remaining funds as required by OSFA.

Sincerely,

  
Joe H. Pickens, J.D.  
President



**NORTHWEST FLORIDA  
STATE COLLEGE**

100 College Boulevard • Niceville, FL 32578-1295 • (850) 678-5111 • www.nwfsc.edu

October 16th, 2020

Sherrill F. Norman, CPA  
Auditor General  
7282 Plantation Road, Suite 401  
Pensacola, Florida 32504

Dear Ms. Norman:

Please find our response to the preliminary and tentative findings related to the audit of Florida Bright Futures Scholarship for the 2018 and 2019 aid years.

Finding 2: Remittance of Undisbursed Advances

State law requires an institution receiving Program Funds to remit to the FDOE any undisbursed advances within 60 days after the end of the registration period. Northwest Florida State College was found to have returned \$9,333 for the Fall 2017 semester 48 days late.

Response:

Northwest Florida State College had one instance of state funds not being returned within the set deadline. The delay was identified to be a result of personnel changes and lack of procedure. The College implemented enhanced procedures during the Fall 2017 term to ensure routine and systematic returns of state funds. Procedures include a shared yearly calendar with all College, Federal, and State Financial Aid deadlines.

Sincerely,

A handwritten signature in blue ink that reads "Devin Stephenson". The signature is written over a horizontal line.

Devin Stephenson  
President

October 14, 2020

Sherrill F. Norman, CPA  
Auditor General  
Office of the Auditor General  
111 West Madison Street  
G74 Claude Pepper Building  
Tallahassee, Florida 32399-1450

Dear Ms. Norman,

On September 19, 2020, Palm Beach State Collage received the preliminary and tentative audit findings and recommendations related to Palm Beach State administration of the Bright Future Scholarship Program for fiscal year ended June 30, 2018 and June 30, 2019.

In response to Finding No. 1: **Remittance of Undisbursed Advances**, please accept the following:

- Management established procedures to ensure that undisbursed Program funds are timely remitted to FDOE and
- The College has taken corrective action and improved its procedures to ensure that school personnel understand the statutory requirement to timely remit the funds within 60 days after the end of the regular registration period.

Please feel free to let us know if you have any questions regarding this corrective action.

Sincerely,

*Eddie Viera*

Mr. Eddie Viera  
Executive Director, Financial Aid  
Palm Beach State College

**Florida Polytechnic University  
Audit and Compliance Committee  
Board of Trustees  
November 10, 2020**

**Subject: CARES Act Monitoring Review**

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**Proposed Committee Action**

Recommend approval of the CARES Act Compliance Monitoring Review, performed by University Compliance, to the Board of Trustees.

**Background Information**

University Compliance conducted an interim monitoring review of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Higher Education and Emergency Relief Funds (HEERF). The total amount of CARES funds awarded to Florida Poly totaled \$1,253,303. CARES funds are required to be divided into two separate and distinct funds for (1) direct student aid and (2) institutional aid. CARES transactions through September 30, 2020 for both direct student aid and institutional expenses were included within the scope of this monitoring review.

Acceptance of CARES funds is conditioned on appropriate monitoring procedures by each recipient. Additionally, the Florida Board of Governors, in May 2020, encouraged such monitoring efforts by each SUS institution with the issuance of a compliance self-monitoring tool.

In conducting this interim monitoring review, University Compliance included tests of transaction details, review of available documentation, record inspections, and inquiries to arrive at the conclusions reached and summarized in the monitoring review report.

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**Supporting Documentation:** UAC Report No. 2021-04, Coronavirus Aid, Relief, and Economic Security (CARES) Act Interim Compliance Monitoring Review.

**Prepared by:** David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC  
UNIVERSITY

**Report No: FPU 2021-04**

**October 2020**

**University Audit & Compliance  
Coronavirus Aid, Relief, and Economic Security (CARES) Act  
Interim Compliance Monitoring Review**

David A. Blanton, CPA, CCEP  
Chief Audit Executive and Chief Compliance Officer

**University Audit & Compliance  
Coronavirus Aid, Relief, and Economic Security (CARES) Act Interim  
Compliance Monitoring Review**

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University Audit and Compliance (UAC) is employed by the University. UAC’s mission is to serve the University by recommending actions to assist in achieving its strategic and operational objectives. This assistance includes evaluating and providing assurance of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. Accordingly, this report is intended solely for the use of University management and its various oversight authorities and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## I. Background and Monitoring Approach

Pursuant to the Audit Work Plan<sup>1</sup> approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) conducted an interim monitoring review of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Higher Education and Emergency Relief Funds (HEERF). The total amount of CARES funds awarded to Florida Poly totaled \$1,253,303. CARES funds are required to be divided into two separate and distinct funds that are restricted for the following purposes:

- **Student Aid HEERF:** At least 50 percent of the funds received by the university must be used for emergency student financial aid for expenses related to the disruption of campus operations due to coronavirus. These funds can only be used to provide **direct** grant assistance to students. (CFDA No. 84.425E: \$626,652)
- **Institutional Funding:** The remaining award allocation is made available, with reasonable discretion by the university, on how the funds are used as long as the university can demonstrate a valid connection between the eligible expense and “significant changes to the delivery of instruction due to the coronavirus”. (CFDA No. 84.425F: \$626,651)

The U.S. Department of Education has issued several guidelines and other information stipulating the various restrictions on both the student relief funds and institutional funding, as listed in **Section VI** of this report. This information was used in this monitoring review to determine applicable compliance requirements. The Office of Management and Budget’s (OMB) compliance supplement for this Federal program was not published at the time of this monitoring review; however, an addendum is expected to be released by OMB in the fall of 2020. **Section III** of this report summarizes the various compliance matters included within the scope of this interim monitoring review and provides for an overview of monitoring results.

Audits and monitoring reviews are typically conducted on funds expensed; however, as noted from **Table 2** below, the university has only expended only a portion of the student relief award as of the date of this monitoring review. Accordingly, this interim monitoring effort was conducted prior to the expense of a significant portion of the funding primarily to support university staff in their compliance efforts and to fulfill monitoring requirements for CARES Act Funds.

<b>Table 1 CARES Act Funding: Institutional Funding As of September 30, 2020</b>				
		Award Amount <sup>2</sup>	Expensed	Balance
<b>Institutional Funding Portion</b>				
	2019-20 FY	\$626,651	\$366,549	
	2020-21 FY (to 9/30/20)	-	\$260,102	
	<b>Totals</b>	<b>\$626,651</b>	<b>\$626,651</b>	<b>\$0</b>

<sup>1</sup> UAC Compliance and Ethics Program Plan for the Fiscal Year Ended June 30, 2021.

<sup>2</sup> The University has one year from grant award notification to expend these funds (ending May 3, 2021).

**Table 2  
CARES Act Funding: Student Relief Funds  
As of September 30, 2020**

	Award Amount <sup>3</sup>	Expensed	Balance
<b>Student HEERF Portion</b>			
2019-20 FY	\$626,652	\$158,163	
2020-21 FY (to 9/30/20)	-	\$126,075	
<b>Total</b>	<b>\$626,652</b>	<b>\$284,238</b>	<b>\$342,414</b>

Procedures performed by UAC in conducting this interim monitoring review included tests of transaction details, review of available documentation, record inspections, and inquiries to arrive at the conclusions reached in **Section III** of this report. This interim monitoring review and the related report was not conducted pursuant to *Institute of Internal Auditing Standards* or *Government Auditing Standards*, and consequently does not provide assurances equivalent to such audits.

It is likely that the State of Florida will include this program as a major Federal program within the scope of their Federal Single Audit once a significant portion of the funding is expensed at the statewide level. UAC will reevaluate risk with respect to expenses charged to this funding after such external audits have been performed to determine whether additional audit and or compliance efforts would be beneficial.

## **II. Entrance/Exit Conference**

Entrance Conference: At the inception of the monitoring review, UAC met with university finance and financial aid staff to explain the purpose and the scope of the monitoring review and to establish a timeline for completion.

Exit Conference: At the conclusion of the monitoring review, UAC met with university finance and financial aid staff to discuss the results of the review. A summary of the findings/observations was provided and corrective action was discussed.

## **III. Monitoring Results**

UAC performed monitoring procedures of CARES funds based on the guidelines and information outlined in **Section VI**. The tables below outline various compliance requirements and provides for an indication as to whether appropriate controls have been designed and implemented to ensure compliance for each requirement. Detailed findings or observations for any noncompliance disclosed in the tables below can be found in the **Findings and Instances of Non-compliance** section of this report.

<sup>3</sup> The University has one year from grant award notification to expend these funds (ending April 16, 2021).

Table 3 Student Higher Education Emergency Relief Fund (Student Portion)			Finding #
1.	Funds properly allocated and segregated in the University's accounting system to ensure proper administration of the student portion of CARES funds and emergency financial aid grants awarded to students.	<input checked="" type="checkbox"/>	-
2.	Defined process to ensure that emergency financial aid grants are only awarded to eligible students and such process is adequately communicated to students.	<input checked="" type="checkbox"/>	-
3.	Funds not used to award scholarships.	<input checked="" type="checkbox"/>	-
4.	Funds not used to reimburse the university for student expenses.	<input checked="" type="checkbox"/>	-
5.	Process adequately designed to award emergency financial aid grants to students.	<input checked="" type="checkbox"/>	-
6.	Process designed to award emergency financial aid grants to students properly used on a consistent basis for awards granted.	<input checked="" type="checkbox"/>	-
7.	Awards granted based on eligible expenses and properly documented.	<input checked="" type="checkbox"/>	-
8.	University complied with reporting requirements for the student portion.	<input checked="" type="checkbox"/>	-
9.	Federal funds drawn for disbursements of emergency financial aid grants limited to immediate needs for the student portion.	<input checked="" type="checkbox"/>	1
10.	Relief fund expenses were incurred within the defined period of availability for the student portion. (on or after March 13, 2020 and up to one year afterwards).	<input checked="" type="checkbox"/>	-
11.	Certification of Funding and Agreement properly executed and returned to the U.S. Department of Education (via grants.gov).	<input checked="" type="checkbox"/>	-
12.	Student portion not used to pay outstanding or overdue amounts to the university.	<input checked="" type="checkbox"/>	-
13.	Emergency financial aid award grants awarded from the student portion provided to only those students who are or could be eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965, as amended (HEA).	<input checked="" type="checkbox"/>	-
14.	Emergency financial aid award grants were properly disbursed. (Disbursement must remain unencumbered and not subject to any amounts owed to the university. May not be made through the use of a limited use credit card affiliated with the university).	<input checked="" type="checkbox"/>	-
15.	Emergency financial aid award grants were timely disbursed.	<input checked="" type="checkbox"/>	-

**LEGEND:**

- Appropriate controls in place to provide for compliance for this requirement.
- Processes needed to be enhanced to ensure compliance for this requirement.

<b>Table 4 Institutional Higher Education Relief Fund (Institutional Portion)</b>			<b>Finding #</b>
1.	Funds properly allocated and segregated in the University's accounting system to ensure proper administration of the institutional portion.	<input checked="" type="checkbox"/>	-
2.	Institutional portion not used for payment to contractors for pre-enrollment recruitment activity such as marketing and advertising; endowments; or capital outlays associated with facilities related to athletics; sectarian instruction, or religious worship.	<input checked="" type="checkbox"/>	-
3.	Institutional portion not used for senior administrator and/or executive salaries, benefits, bonuses, contracts, incentives; stock buybacks, shareholder dividends, capital distributions, and stock options; and any other cash benefit for a senior administrator or executive.	<input checked="" type="checkbox"/>	-
4.	Costs for institutional portion incurred within the defined period of availability for the institutional portion. (on or after March 13, 2020 and up to one year afterwards).	<input checked="" type="checkbox"/>	-
5.	Certification of Funding and Agreement properly executed and returned to the U.S. Department of Education (via grants.gov).	<input checked="" type="checkbox"/>	-
6.	Adequate monitoring of the use of the institutional portion to ensure they have been used promptly and to the greatest extent practicable by one year from the date of the Certification and Agreement.	<input checked="" type="checkbox"/>	-
7.	Documenting compliance with federal requirements and use of funds in accordance with Section 15011(b)(2) of the CARES Act.	<input checked="" type="checkbox"/>	-
8.	University has continued to pay employees and contractors to the greatest extent practicable, as required by the CARES Act.	<input checked="" type="checkbox"/>	-
9.	University complied with reporting requirements for the institutional portion.	<input checked="" type="checkbox"/>	-
10.	Federal funds drawn for eligible expenses limited to immediate needs for the institutional portion. (cash management)	<input checked="" type="checkbox"/>	-

**LEGEND:**

- Appropriate controls in place to provide for compliance for this requirement.
- Processes needed to be enhanced to ensure compliance for this requirement.

#### IV. Findings/Instances of Non-compliance

Overall, University Compliance was able to conclude that the University had established controls to ensure material compliance with the guidelines and restrictions promulgated by the U.S. Department of Education in the administration of CARES funds except as noted below:

##### **Finding 1: Cash Management (Student Relief Fund Portion)**

Initially, cash management principles did not appear to be applicable to the “advanced” student fund portion per the Recipient’s Funding Certification and Agreement. However, subsequent guidance<sup>4</sup> provided clarification that grantees must seek to minimize the time between drawing down funds from the G5 system and applying those funds to support a grant award’s activities. Consistent with this requirement, grantees must maintain grant funds in interest-bearing accounts, and any interest earned on grant funds above \$500 per year must be remitted to the Federal government. Therefore, the Department encourages grantees to establish a distribution plan prior to an initial draw down of grant funds. In addition, the guidance urges grantees to only draw down the minimum amount of grant funds necessary, and where the grant funds are able to be applied promptly to each HEERF grant’s purposes.

Based on the circumstances described above, an institution should refund any portion of the HEERF award that it does not have an immediate ability to expend on emergency financial grants to students, until the institution has a plan for the orderly distribution of the remainder of the funds. It can then be re-drawn from the institution’s account in G5.

As noted in **Table 2** above, the university has drawn the entire grant award of \$626 thousand but has only had limited need in actually awarding such funds. To date, the University has not remitted interest earnings to the Federal government or returned excess funds through the G5 system. Accordingly, the university’s cash management principles do not appear to be in compliance with Federal requirements. University staff has indicated that they will calculate interest earned and remit such amounts back to the Federal government, as required.

#### V. Other Observations

UAC is very appreciative of the cooperation, professionalism and responsiveness of both the financial aid staff and finance staff who were involved in this monitoring review.

Additionally, all staff involved in the administration of CARES Act funds should be commended given the urgency required in administering such funds to address the COVID-19 pandemic and the precipitous nature of Federal guidance issued over the proper use of these relief funds.

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<sup>4</sup> CARES Act HEERF Round 3 FAQs, question 9 (issued October 2, 2020)

## **VI. References and Technical Assistance**

Listed below are the applicable guidelines and other information related to CARES Act funds that were used by UAC to identify compliance criteria and set the scope of this monitoring review:

- The following Frequently Asked Questions (FAQ) published for HEERF:
  - CARES Act HEERF Institutional Portion under Section 18004(a)(1) and 18004(c) FAQs (April 9, 2020)
  - CARES Act HEERF Emergency Financial Aid Grants to Students under Section 18004(a)(1) and 18004(c) FAQs (April 9, 2020)
  - CARES Act HEERF Student FAQs (May 15, 2020)
  - CARES Act Supplemental FAQs (originally issued June 30, 2020 and revised September 8, 2020)
  - CARES Act HEERF Round 3 FAQs (October 2, 2020)
- Federal Student Aid (an Office of USED) Guidance: Update on Required CARES Act Quarterly Reporting (issued July 10, 2020)
- Recipient's Funding Certification and Agreement for Institutional Portion of CARES
- Recipient's Funding Certification and Agreement for Emergency Financial Aid Grants to Students
- Federal Cash Management Principles (Title 34, Section 668, Code of Federal Regulations)
- CARES Act HEERF Compliance Guide issued by the Office of Inspector General and Director of Compliance for the Florida Board of Governors (issued May 15, 2020)
- Office on Postsecondary Education (an Office of USED) Reporting and Data Collection Guidance, updated September 23, 2020.

**Florida Polytechnic University  
Audit and Compliance Committee  
Board of Trustees  
November 10, 2020**

**Subject: Textbook Adoption Monitoring Review – Fall 2020**

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**Proposed Committee Action**

Recommend approval of the Textbook Adoptions Compliance Monitoring Review (Fall 2020), performed by University Compliance, to the Board of Trustees.

**Background Information**

University Compliance conducted a monitoring review over textbook adoptions, to determine compliance with State law. State law requires each university to post prominently in the course registration system and on its website, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the university during the upcoming term.

The university contracts with a bookstore vendor (vendor) to manage and operate the bookstore. The university notifies the vendor of adoptions and the vendor is responsible for subsequently posting the adopted textbooks and instructional materials on the vendor website. At the request of the university, the vendor provided a course file report evidencing the dates that (1) university staff communicated the adoption and (2) the subsequent posting of such information by the vendor to their website.

In conducting this interim monitoring review, University Compliance included a review of the vendor course file, university records, analytical review procedures, and inquiries to arrive at the conclusions reached and summarized in the monitoring review report. This monitoring report assists the Committee in their oversight responsibility and consideration of this matter which has been cited as audit findings in several recent operational audits.

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**Supporting Documentation:**

UAC Report No. 2021-05, Textbook Adoptions Compliance Monitoring Review

**Prepared by:** David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC  
UNIVERSITY

**Report No: FPU 2021-05**

**October 2020**

**University Audit & Compliance  
Textbook Adoptions Compliance  
Monitoring Review**

David A. Blanton, CPA, CCEP  
Chief Audit Executive and Chief Compliance Officer

## **University Audit & Compliance Textbook Adoptions Compliance Monitoring Review**

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University Audit and Compliance (UAC) is employed by the University. UAC's mission is to serve the University by recommending actions to assist in achieving its strategic and operational objectives. This assistance includes evaluating and providing assurance of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. Accordingly, this report is intended solely for the use of University management and its various oversight authorities and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## I. Background and Monitoring Approach

Pursuant to the Audit Work Plan<sup>1</sup> approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) conducted a monitoring review over compliance with textbook affordability laws<sup>2</sup> for the Fall 2020 semester. This monitoring review was performed as a result of the risk assessment prepared by UAC for the 2020-21 fiscal year and as a result of recurring findings in the State Auditor General's last several operational audits<sup>3</sup>.

State law<sup>2</sup> requires each university to post prominently in the course registration system and on its website, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the university during the upcoming term.

The university contracts with a bookstore vendor (vendor) to manage and operate the bookstore. The university notifies the vendor of adoptions and the vendor is responsible for subsequently posting the adopted textbooks and instructional materials on the vendor website. At the request of the university, the vendor provided a course file report evidencing the dates that (1) university staff communicated the adoption and (2) the subsequent posting of such information by the vendor to their website.

Procedures performed by UAC in conducting this interim monitoring review included review of the vendor course file, university records, analytical review procedures, and inquiries to arrive at the conclusions reached in **Section III** of this report. This monitoring review and the related report was not conducted pursuant to *Institute of Internal Auditing Standards*.

## II. Entrance/Exit Conference

Entrance Conference: At the inception of the monitoring review, UAC met with university academic and institutional research staff to explain the purpose and the scope of the monitoring review and to establish a timeline for completion.

Exit Conference: At the conclusion of the monitoring review, UAC met with university academic and institutional research staff to discuss the results of the review. A summary of the findings/observations was provided and corrective action was discussed.

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<sup>1</sup> UAC Compliance and Ethics Program Plan for the Fiscal Year Ended June 30, 2021.

<sup>2</sup> Section 1004.085(5), Florida Statutes

<sup>3</sup> Auditor General operational audit report Nos. 2016-067, 2018-214, and 2021-008.

### III. Monitoring Results

UAC performed monitoring procedures over textbook adoptions and compliance with applicable laws for the fall 2020 semester. UAC found that the bookstore vendor's course file failed to provide sufficient documentation necessary to demonstrate compliance with textbook affordability laws requiring that required and recommended course materials are posted and available to students at least 45 days prior to the first day of class. This lack of sufficient documentation occurred primarily because the vendor's system used to capture and report posting dates overrode actual adoption dates with a date of last activity. Consequently, the University is unable to support compliance with textbook affordability laws for the fall 2020 semester.

**Table 1** below outlines various compliance requirements applicable to this review and provides an indication as to whether appropriate controls have been designed and implemented to ensure compliance for each requirement. Detailed findings or observations for any noncompliance referenced in the tables below are included in **Section IV** of this report.

Table 1 Textbook Affordability			Finding #
1.	The university complied with the requirement that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the University for the Fall 2020 term was prominently posted in the course registration system and on its website at least 45 days prior to the first day of class.	<input type="checkbox"/>	1
2.	The University timely reported textbook adoptions to the Chancellor of the State University System by September 30, 2020, as required.	<input checked="" type="checkbox"/>	-

**LEGEND:**

- Appropriate controls in place to provide for compliance for this requirement.
- Processes need to be enhanced to ensure compliance for this requirement.

#### **IV. Findings/Instances of Non-compliance**

Overall, University Compliance was able to conclude that the University had established controls to ensure material compliance with the textbook affordability laws except as noted below:

##### **Finding 1: Lack of Sufficient Documentation to Support Compliance with Textbook Affordability Laws**

**Finding:** As noted in **Table 2** below, the University timely communicated textbook adoptions to the bookstore vendor for 98.3 percent of the course sections; however, as noted in **Table 3** below, the vendor's course file reflected that postings of these adoptions were not timely for 39.1 percent. Consequently, the university was not able to demonstrate compliance with State law requiring at least 95 percent of required and recommended instructional materials are to be posted 45 days prior to the first day of class.

<b>Table 2 Textbook and Instructional Materials Textbook Adoption Dates<sup>4</sup> Fall 2020 Term</b>	
Timely Course Sections	226
Late Course Sections	4
Total Course Sections	230
Percent Timely	98.3%
Percent Late <sup>5</sup>	1.7%

<b>Table 3 Textbook and Instructional Materials Textbook Posting Dates<sup>6</sup> Fall 2020 Term</b>	
Timely Course Sections	140
Late Course Sections	90
Total Course Sections	230
Percent Timely	60.9%
Percent Late <sup>5</sup>	39.1%

<sup>4</sup> Date that university staff communicated the textbook adoption to the vendor, as reflected in vendor's course file.

<sup>5</sup> Excludes the following classes that were included in the vendor's course file as a late posting: Cancelled classes, ghost classes, classes added after the 45-day deadline (July 6, 2020), classes that had a change in a data field (e.g. course section number change) but were otherwise adopted timely.

<sup>6</sup> Date that the vendor posted the adoption to the website, as reflected in the vendor's course file.

<b>Table 4</b> <b>Textbook and Instructional Materials</b> <b>Late Textbook Posting Date Ranges</b> <b>Fall 2020 Term</b>		
<b>Date Range<sup>6</sup></b>	<b># Days Late</b>	<b># of Late Postings</b>
7/7/20 – 7/31/20	1-25	32
8/1/20 – 8/30/20	26-57	33
9/1/20 – 9/11/20	58-68	25
<b>Total</b>		<b>90</b>

As noted in **Table 4** above, a significant number of textbook posting dates were past the statutory deadline (7/6/20), as reflected in the vendor’s course file. Further, the vendor’s course file reflected that 54 postings were past the first day of class (8/20/20). In response to university staff’s request to the vendor regarding these late posting dates, the vendor advised that they were aware that they had an issue with the course file for the fall term and were reviewing the matter. The vendor further indicated that they had to adjust a number of course section numbers and were processing adjustments up to the fall term start.

Based on UAC’s review and analysis of late adoption dates reflected in the vendor course file and comparisons with other university records, it was determined that the vendor’s course file may not always accurately reflect the actual date of adoption or posting. For instance, the vendor’s system used to report the adoption date appears to record the date of last activity (such as a change in the course section number) as the adoption date. This “last activity date” appears to override the “actual posting date”. Consequently, the vendor’s course file is not providing sufficiently reliable information necessary to demonstrate compliance with textbook adoption laws.

**Recommendation:** University staff should continue their efforts in working with the bookstore vendor to resolve the unreliable reporting. Alternately, the University may want to consider independently posting such information to their website in order to demonstrate compliance.

## **V. Other Observations**

There were no other significant observations noted by UAC during this monitoring review.

UAC would like to extend gratitude to Zaira Medina for her assistance with these monitoring efforts.

## **VI. References and Technical Assistance**

Listed below are the applicable guidelines and other information related to textbook adoption compliance that were used by UAC to set the scope of this monitoring review:

- Section 1004.085(5), Florida Statutes
- Section 1004.085(7), Florida Statutes
- Board of Governors Regulation BOG 8.003, Textbook and Instructional Materials Affordability

**Florida Polytechnic University  
Audit and Compliance Committee  
Board of Trustees  
November 10, 2020**

**Subject: PBF Data Integrity Audit Scope**

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**Proposed Committee Action**

Recommend approval of the PBF audit scope, performed by University Audit, to the Board of Trustees.

**Background Information**

Board of Governors Regulation (BOG) 5.001, Performance Based Funding (PBF) provides that chief audit executives shall conduct or cause to have conducted an annual data integrity audit to verify the data submitted for implementing the Performance-based Funding Model complies with the data definitions established by the BOG. The audit report shall be presented to the university's board of trustees for its review, acceptance, and use in completing the data integrity certification. The audit report and data integrity certification are due to the BOG's Office of Inspector General by March 1 each year.

The following representation is included on the BOG-developed data integrity certification which must be signed by the Board Chair and President of the University:

- I certify that I agreed to the scope of work for the performance-based funding data integrity audit conducted by my chief audit executive (CAE).

Therefore, the university's CAE will present the planned scope of work for the required PBF audit to the Committee for review and approval.

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**Supporting Documentation:**

Power Point Presentation on PBF Scope  
Memo from Chair Kitson on PBF Audits and Certifications  
Data Integrity Certification Form

**Prepared by:** David A. Blanton, CAE/CCO



**Florida Board of Governors**  
**State University System of Florida**  
325 West Gaines Street, Suite 1614  
Tallahassee, FL 32399  
Phone 850.245.0466  
Fax: 850.245.9685  
www.flbog.edu

## MEMORANDUM

TO: Chairs, University Boards of Trustees  
University Presidents

FROM: Sydney Kitson, Chair 

DATE: June 25, 2020

RE: Data Integrity Audits and Certifications for Performance-based Funding and Preeminence Metrics

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Since the Board of Governors' January 2014 approval of the Performance-based Funding Model, the model has incentivized universities and their boards of trustees to achieve excellence and performance improvements in key areas aligned to the State University System of Florida Strategic Plan goals. The Performance-based Funding state investment demonstrates continued support for the System and is a testament to the value of the state university system to the educational and economic growth of our state. These investments have allowed the System to keep tuition stable for our students.

As we prepare for the 2020-2021 fiscal year, the economic impact of the coronavirus pandemic on our state is still being determined. Given the success of Performance-based Funding and return on investment for the additional state funds to the state's university system, we trust that the Legislature will view continued investment into Performance-based Funding positively.

Through Performance-based Funding, universities have demonstrated the ability to achieve excellence and improvements in the 10 key metrics, including graduation and retention rates. The U.S. News & World Report ranked Florida as the best state for higher education for three consecutive years, based on graduation rates, class size, student-faculty ratio, and the number of students on Pell Grants.

Key to the model's success is the ability of the Board of Governors to rely on the information you provide for performance-based funding decision-making. As now

## University Boards of Trustees Chairs and Presidents

June 25, 2020

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required by Florida Statutes,<sup>1</sup> university boards of trustees shall 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. Additionally, I ask that these audits include testing of data that supports performance funding metrics, as well as preeminence or emerging preeminence metrics for those universities so designated, as testing is essential in determining that processes are in place and working as intended. This audit may be included with or separate from the Performance-based Funding Data Integrity Audit.

The scope and objectives of the audit(s) should be set jointly between the chair of the university board of trustees and the university chief audit executive. The audit(s) shall be performed in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc.

Using the results from the data integrity audit(s), each university president should complete the attached Data Integrity Certification. When completing this certification, evaluate each of the 13 prepared representations. If you are able to affirm a representation as prepared, do so. If you are unable to affirm a representation as prepared, explain the modification in the space provided. It is important that representations be modified to reflect significant or material audit findings. The certification document shall be signed by the university president and board of trustees' chair after being approved by the board of trustees.

The audit results and corrective action plans as needed shall be provided to the Board of Governors after being accepted by the university's board of trustees. The audit results shall support the certification and include any noted audit findings. The completed Data Integrity Certification and audit report(s) shall be submitted to the Office of Inspector General and Director of Compliance no later than **March 1, 2021**.

I ask that you consider the March 1<sup>st</sup> deadline when establishing dates for your 2021 board of trustees' meetings as we will need these audits and certifications in sufficient time to be included in our March Board of Governors' meeting materials.

I commend you, your data administrators, and the many university staff responsible for ensuring reliable, accurate, and complete information is timely submitted to the Board of Governors. I would also like to thank your chief audit executives for focusing a portion of their office's resources to auditing your university's data-related controls, processes,

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<sup>1</sup> Florida Statutes, sections 1001.7065, *Preeminent State Research Universities Program*, and 1001.92, *State University System Performance-based Incentive*

University Boards of Trustees Chairs and Presidents

June 25, 2020

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and submissions. Collectively, these efforts allow you to confidently certify the accuracy of data submissions to the Board of Governors and enhance public trust and confidence in this process. We appreciate your cooperation and assistance in ensuring the integrity of the performance funding and preeminence processes.

If you have questions regarding these requirements, please do not hesitate to contact the Board of Governors Inspector General at [BOGInspectorGeneral@flbog.edu](mailto:BOGInspectorGeneral@flbog.edu) or 850-245-0466.

SK/jml

Attachment: Data Integrity Certification Form

C: Marshall Criser III, Chancellor  
Tim Jones, Vice Chancellor, Finance/Administration and CFO  
Julie Leftheris, Inspector General and Director of Compliance



# Data Integrity Certification

## March 2021

**University Name:** \_\_\_\_\_

**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 **significant** audit findings.

<b>Data Integrity Certification Representations</b>			
<b>Representations</b>	<b>Yes</b>	<b>No</b>	<b>Comment / Reference</b>
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 Emergence-preeminence Status.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

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, and data definitions provided by the Board Office.	<input type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing <b>Submit for Approval</b> represents electronic certification of this data per Board of Governors Regulation 3.007."	<input type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input type="checkbox"/>	<input type="checkbox"/>	
11. 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.	<input type="checkbox"/>	<input type="checkbox"/>	

# Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
12. 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.	<input type="checkbox"/>	<input type="checkbox"/>	
13. 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.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations, Signatures	
<p>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.</p> <p>Certification: _____ Date _____</p> <p style="margin-left: 40px;">President</p>	
<p>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.</p> <p>Certification: _____ Date _____</p> <p style="margin-left: 40px;">Board of Trustees Chair</p>	

University Audit  
PBF Planning – Scope and Objectives  
For the March 2021 Certification

**Overall Objectives:**

- To determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) which support the Performance Based Funding (PBF) Metrics of the University as of September 30, 2020.
- To provide assurance that the various data files which support the PBF metrics, as of September 30, 2020, have been subjected to audit and tested for accuracy and completeness.
- To provide reasonable assurance to the President and the Chair of the Board of Trustees that the representations included in the Performance Based Funding – Data Integrity Certification form are fairly presented.

**Audit Scope and Methodology:**

	<b>Audit Scope</b>	<b>Methodology</b>
1.	Evaluate the validity of representations outlined in the Performance Based Funding – Data Integrity Certification form.	Inquiry and observation of records supporting representations.
2.	Evaluate controls established to ensure the completeness, accuracy, and timely submission of the various data files that are submitted periodically by Institutional Research (IR) to the BOG. (e.g. admissions file, degrees awarded file, hours to degree file, retention file, student financial aid file, student instruction file).	Inquiry and observation of evidence supporting IR submissions to the BOG. Review of written procedures developed to support data integrity over IR submissions.
3.	Evaluation of access controls.	Review of system access controls and user privileges over those systems generating data for the various metrics.
4.	Testing of data accuracy and completeness.	For the various systems of record used to produce data submissions (as listed in 2 above) select samples and perform detailed tests to ensure that the underlying data for various BOG submissions is accurate and complete.  For any other data reported by IR and used for PBF metrics, select a sample and perform detailed tests to ensure the accuracy and completeness of such data. (e.g. workforce

University Audit  
PBF Planning – Scope and Objectives  
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		experience used in BOT choice metric 10).
5.	Determine that the various data files that are submitted periodically by Institutional Research (IR) to the BOG are consistent with data definitions and guidance provided by the BOG.	Accomplished in conjunction with the methodology from 4 above.
6.	Review of data resubmissions and data reclassifications to ensure that they are appropriate and conform to BOG guidance.	100% review of any cohort classification changes since the BOG does not verify appropriateness of such changes.  Inquiry and detailed testing of other metric reclassifications noted or identified. Review of resubmissions applicable to PBF data files.