

BOARD OF TRUSTEES Audit & Compliance Committee

**February 10, 2021
9:00 – 10:00 AM**

Florida Polytechnic University WEBEX TELECONFERENCE MEETING

Dial in: 1-415-655-0001 | Access code: 178 806 6684#

MEMBERS

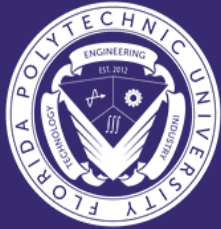
Bob Stork, Chair
Lyn Stanfield

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. Approval of the November 10, 2020 Minutes
Action Required | Bob Stork, Chair |
| V. 2021-22 Audit & Compliance Committee Work Plan | David Blanton, CAE/CCO |
| VI. Audit & Compliance Update | David Blanton, CAE/CCO |
| VII. PBF Data Integrity Audit
Action Required | David Blanton, CAE/CCO |
| VIII. Data Integrity Certification
Action Required | David Blanton, CAE/CCO |
| IX. Foundation Financial Audit – FYE 6/30/20 | Carr, Riggs & Ingram |
| X. Closing Remarks and Adjournment | Bob Stork, Chair |



Audit & Compliance Committee Meeting

DRAFT MEETING MINUTES

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

Florida Polytechnic University WEBEX TELE-CONFERENCE MEETING

I. Call to Order

Committee Vice Chair Mark Bostick called the meeting to order at 9:08 a.m.

II. Roll Call

Kim Abels called the roll: Committee Chair Bob Stork, Committee Vice Chair Mark Bostick, Trustee Laine Powell, and Trustee Lyn Stanfield were present (Quorum).

Other Trustees present: Trustee Connor Coddington was present.

Staff present: President Randy Avent, Provost Terry Parker, David Blanton, Kim Abels, Gina DeJulio, Mark Mroczkowski, Kathy Bowman, Kris Wharton, Dr. Kathryn Miller, Dr. Tom Dvorske, Michele Rush, Rick Maxey, Alex Landback, David Calhoun, Lydia Guzman, Maggie Mariucci, Melaine Schmiz, and Penney Farley were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of the September 9, 2020 Minutes

Trustee Laine Powell made a motion to approve the Audit & Compliance Committee meeting minutes of September 9, 2020. Trustee Lyn Stanfield seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2020-2022 Audit & Compliance Committee Work Plan

Mr. David Blanton, Chief Compliance Officer and Chief Audit Executive, presented the 2020-2022 University Audit and Compliance (UAC) Committee Work Plan. Trustee Powell questioned how the structure of the workplan is formulated and what the expectations of the committee entail. Mr. Blanton explained the workplan is used as a tool for his workflow, much of what is driven by regulations, rules and law.

VI. Audit and 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 – this has been completed by the Auditor General

- Statewide Federal Awards Audit – conducted by the Auditor General/report expected to be released in March 2021
- Program Review of Title IV Programs – conducted by the US Department of Education/report expected to be released in January 2021
- Financial Audit – conducted by the Auditor General and will begin in Nov/Dec. 2020

b. Internal Audit and Compliance Activities: Currently, UAC has the following projects in completed or in progress:

- CARES Act Federal Award Monitoring Review- completed
- Textbook Affordability Monitoring Review (Fall 2020 term)- completed
- Performance Based Funding Data Integrity Audit- audit started and required to be presented to the AACC at the February BOT meeting

VII. Bright Futures Audit

Mr. Blanton presented the Bright Futures operational audit conducted by the Florida Auditor General (AG). The report included one finding related to the untimely return of Bright Future program funds for one of the 6 semesters reviewed in the audit period. AACC members engaged in discussion on the cause of the finding and corrective action.

Trustee Laine Powell made a motion to 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. Trustee Lyn Stanfield seconded the motion; a vote was taken, and the motion passed unanimously.

VIII. CARES Act Monitoring Review

Mr. Blanton presented the CARES Act compliance monitoring report prepared by UAC. This review was performed to monitor the University's administration of the CARES Act funding for both student relief and institutional funding. The report included one finding related to non-compliance with federal cash management requirements (federal cash drawn in excess of immediate needs). Committee members engaged in discussion on the sufficiency of the procedures established for student relief aid.

Trustee Lyn Stanfield made a motion to recommend approval of the of the CARES Act Compliance Monitoring Review, performed by University Compliance to the Board of Trustees. Trustee Laine Powell seconded the motion; a vote was taken, and the motion passed unanimously.

IX. Textbook Adoptions Monitoring Review – Fall 2020

Mr. Blanton presented the compliance monitoring report over textbook adoptions prepared by UAC. The report included one finding related to non-compliance with State textbook adoption laws; however, the report reflected that the bookstore vendor's records was primarily responsible for non-compliance. Committee members engaged in discussion on whether other institutions are experiencing these problems and alternative solutions for the University to correct this matter.

Trustee Lyn Stanfield made a motion to recommend approval of the Textbook Adoptions Compliance Monitoring Review (Fall 2020), performed by University Compliance to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

X. PBF Data Integrity Audit Scope

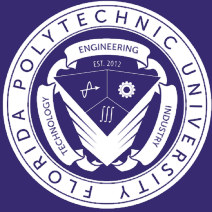
Mr. Blanton presented the proposed scope for the Performance Based Funding (PBF) audit.

Trustee Bob Stork made a motion to recommend approval of the Performance Based Funding audit scope, performed by University Audit, to the Board of Trustees. Trustee Lyn Stanfield seconded the motion; a vote was taken, and the motion passed unanimously.

XI. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 10:02 a.m.

DRAFT



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 Compliance 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
- Foundation Financial Report ~ prior year

MAY

- University Audit & Compliance (UAC) Update
- University Financial Audit ~ prior FY
- Foundation 990
- Textbook Affordability Compliance Monitoring Report (Spring semester)



FLORIDA POLYTECHNIC
UNIVERSITY

Audit and Compliance Committee

David A. Blanton

February 10, 2021

Audit & Compliance Agenda

- **Audit & Compliance Update**
 - **PBF Data Integrity Audit**
 - **PBF Data Integrity Certification**
 - **Foundation Financial Audit**
-

Update - External Audits

- **Auditor General: Statewide Federal Audit**
 - Title IV Federal Programs (Pell/SEOG/FWS/Fed Loans/ etc.)
 - Fieldwork in progress – report to be issued by 3/31/21
 - Orally communicated minor issues
 - **Auditor General: Financial Audit ~ FYE 6/30/20**
 - 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 not published
-

Update - External Audits (cont.)

- **Foundation Financial Audit ~ FYE 6/30/20**
 - Complete, presented for approval today
 - Accompanying 990 to be presented in May
 - **Florida Retirement System Compliance Audit**
 - Conducted by DMS OIG
 - Audit Period: Inception of university to present
 - Fieldwork just started
-

Update - Internal Audit/Compliance

- **Completed PBF Data Integrity Audit**
 - First such audit for Florida Poly
 - Required annually by 3/1, will gain efficiencies going forward
 - **Completed other consultative work projects**
 - **Hotline monitoring (monthly AACCC reporting)**
 - **In-progress/Upcoming projects:**
 - Textbook Adoptions Monitoring Review (Spring 2021)
 - Compliance Program review (both internal and external)
 - Follow-up reviews on prior audits
-

Audit & Compliance Agenda

- Audit & Compliance Update
 - **PBF Data Integrity Audit**
 - **PBF Data Integrity Certification**
 - **Foundation Financial Audit**
-

PBF Data Integrity Audit

- **Scope: Approved by the AACCC in November**
 - Evaluate representations in certification
 - Evaluate controls
 - Review access controls
 - Testing of data submitted
 - Review of resubmissions and reclassifications
- **Audit period: 10/1/19 – 9/30/20**
- **Frequency: Conducted annually (this first time)**
- **Current audit = 3 observations**

PBF Data Integrity Audit Observations

- **Audit Observation 1: Enhancements could be made to strengthen the basis for certain representations made in the annual Data Integrity Certification required by the BOG:**
 - Responsibility for the accuracy and completeness of data requests not documented, of record
 - Level of responsibility and ownership over PBF data not at the level required to be represented in the BOG certification
 - Informally assigned and not adequately documented in job description or acknowledged by employee
- **University Response: HR agrees and is working to revise the job responsibilities for the applicable employee**

PBF Data Integrity Audit Observations

- **Audit Observation 2: PBF-related data submissions during the audit period were not always made timely:**
 - 9 of the 14 required data submissions (64%) during the audit period were not made timely and ranged from 3 to 17 days past the due date
 - 5 of 14 required data submissions were rejected (36%) and not accepted by ODA staff until 14 to 151 days after the due date
- **Causes: IR's attempts to submit accurate data; turnover of staff in IR; migration to new software for Admissions; enhanced control processes for data stewards**
- **University Response: IR agrees and is working with the respective data owners to ensure timely submissions**

PBF Data Integrity Audit Observations

<p style="text-align: center;">Table 1 Untimely SUDS Data Submissions Period: 10/1/19 – 09/30/20</p>				
	BOG Reference		Submission File Name	Days Late
1	SIF	201905	Student Instruction File	3
2	SIFD	201905	Degrees Awarded File	6
3	ADM	201908	Admissions File	8
4	SIFP	201908	Student Instruction Preliminary	17
5	HTD	20182019	Hours to Degree	13
6	SIF	201908	Student Instruction File	13
7	SIFD	201908	Degrees Awarded File	8
8	SIF	202001	Student Instruction File	5
9	SIF	202005	Student Instruction File	3

Source: Report FPU 2021-06

PBF Data Integrity Audit Observations

Table 2				
Rejected SUDS Data Submissions				
Period: 10/1/19 – 09/30/20				
	BOG Reference		Rejected Submission File Name	Days Late Until Accepted by ODA
1	SFA	20182019	Student Financial Aid File	66
2	ADM	201908	Admissions File	105
3	SIFP	201908	Student Instruction Preliminary	151
4	SIFD	201908	Degrees Awarded File	14
5	ADM	202001	Admissions File	15

Source: Report FPU 2021-06

PBF Data Integrity Audit Observations

- **Audit Observation 3: Detailed testing and review of data submitted disclosed the following exceptions suggesting that controls over data submissions could be further enhanced.**
 - SIF/SIFP data submission
 - HTD data submission
 - SFA data submission
 - Metric 10 data
 - As mentioned earlier, BOG rejected 5/14 submissions
- **No exceptions noted for certain detailed testing:**
 - SIFD (Degrees Awarded file)
 - RET (Retention file)
 - ADM data submission

PBF Data Integrity Audit Observations

- **Audit Observation 3: Student Instruction File (SIF/SIFP) Exceptions:**
 - For 13 students, transfer hours earned in either high school or other postsecondary schools were not reported in accordance with BOG requirements
 - For one student, the date of readmission was incorrectly reported
 - In 5 instances the reported race/ethnicity was not accurate and/or did not completely agree with the student's application
 - High school code omitted for 5 students
-

PBF Data Integrity Audit Observations

- **Audit Observation 3: Hours to Degree (HTD) Exceptions:**
 - For 1 student, one course was improperly coded as used towards degree when it was not

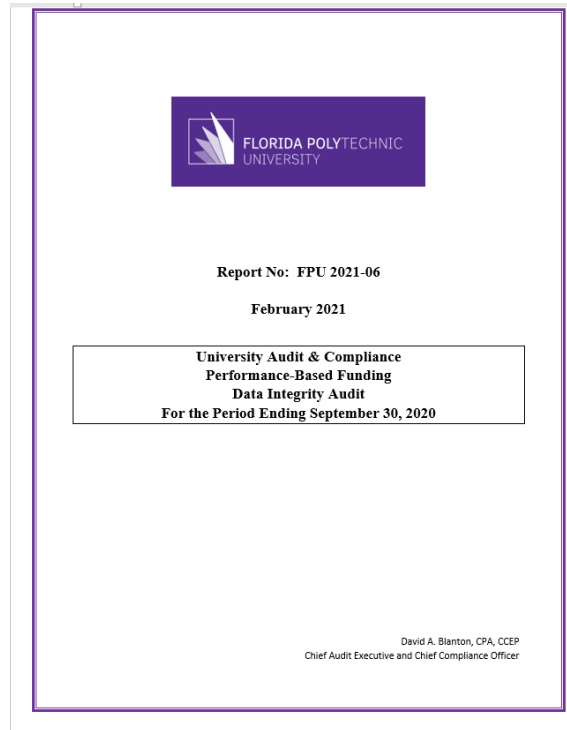
PBF Data Integrity Audit Observations

- **Audit Observation 3: Student Financial Aid (SFA) Exceptions:**
 - For 4 students, financial aid reported did not match university system of record (aid for 2 students were reported in the wrong period and for 2 others the amounts did not match)
 - Occurred because summer term information was incorrectly reported
-

PBF Data Integrity Audit Observations

- **Audit Observation 3: Metric 10 – Workforce Experiences Exceptions:**
 - Two students were incorrectly reported as working on external grants (an eligible workforce experience); however, they were only employed as OPS in either Admissions or Libraries.
 - Occurred because the job was modeled in Workday similar to a student research assistant. In both cases, the students still had at least 2 workforce experiences despite this reporting error.
-

PBF Data Integrity Audit



ACTION: Recommend approval of the audit of the PBF Data Integrity Audit to the Board.

Audit & Compliance Agenda

- Audit & Compliance Update
 - PBF Data Integrity Audit
 - **PBF Data Integrity Certification**
 - **Foundation Financial Audit**
-

Data Integrity Certification

- **Required by the BOG**
 - **13 representations to be certified and signed by the University President and the BOT Chair**
 - 4 represent an acknowledgement of responsibility
 - Remaining 9 subjected to audit
 - **PBF audit allows the Board Chair and President to certify the accuracy of data submissions to the Board of Governors**
 - **Due to the BOG by 3/1/21**
-

Data Integrity Certification

- **Based on PBF audit, certain modifications (1-6 & 8) modified to include the following:**
 - As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.

Data Integrity Certification 2021



Data Integrity Certification March 2021

University Name: Florida Polytechnic University

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

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.

ACTION: Recommend approval of the modified Data Integrity Certification to the Board.

Audit & Compliance Agenda

- Audit & Compliance Update
 - PBF Data Integrity Audit
 - PBF Data Integrity Certification
 - **Foundation Financial Audit**
-

Foundation Financial Audit FYE 6/30/20

The Foundation's Financial Audit will be presented by the Foundation's independent auditors, Carr, Riggs & Ingram.

ACTION: Recommend approval of the Foundation Financial Audit for the fiscal year ending 6/30/20 to the Board.

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
February 10, 2021**

Subject: Performance-Based Funding Data Integrity Audit

Proposed Committee Action

Recommend approval to the Board of Trustees of the Performance-Based Funding Data Integrity Audit performed by University Audit for the period ending September 30, 2020.

Background Information

The Performance-Based Funding (PBF) Model currently includes 10 metrics that evaluate all State University institutions. The Florida Board of Governors designed the model to (1) promote the Board of Governors' strategic plan goals for State Universities (2) reward excellence or improvement (3) have a few clear, simple metrics, and (4) acknowledge the unique mission of the various State institutions. Accordingly, the PBF model has several metrics common to all State institutions, one selected by the Board of Governors: and one selected by the Florida Poly Board of Trustees.

State institutions are evaluated on either excellence or improvement for each PBF metric. The Board of Governors uses data from various data submissions from the most current year to evaluate PBF performance and to make PBF funding decisions for each institution. Therefore, the integrity of data submitted to the Board of Governors is crucial to determining achievement towards strategic goals and funding decisions within the PBF model. Accordingly, Section 1001.92, Florida Statutes, provides that each university shall conduct an annual audit to verify that the data submitted complies with the data definitions established by the Board of Governors and submit the audit to the Board's Office of Inspector General as part of the annual certification process. These data submissions and related controls are the focus of this audit.

This audit allows the Board Chair and President to certify the accuracy of data submissions to the Board of Governors and enhance public trust and confidence in this process.

Supporting Documentation: Report No. FPU 2021-06, Performance-Based Funding Data Integrity Audit. (issued by University Audit).

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2021-06

February 2021

**University Audit & Compliance
Performance-Based Funding
Data Integrity Audit
For the Period Ending September 30, 2020**

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

University Audit & Compliance Performance-Based Funding Data Integrity Audit For the Audit Period Ending September 30, 2020

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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.

Executive Summary:

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee and the requirement set forth by State law² and Board of Governors (BOG) Regulations³, University Audit and Compliance (UAC) conducted an audit of Performance-Based Funding (PBF) Data Integrity as of September 30, 2020.

The objectives of this audit were to:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF metrics of the University as of September 30, 2020.
- 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.
- Provide reasonable assurance to the President and the Chair of the Board of Trustees that certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.

Audit fieldwork was conducted from October 2020 through January 2021. This audit was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards). Accordingly, these audit procedures provide a reasonable basis for the conclusions drawn from this audit.

Based on the results of this audit, UAC concludes that the University has established appropriate controls and processes to (1) ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF metrics and (2) affirm the various representations in the PBF – Data Integrity Certification form, except as noted below:

The following is a summary of observations and recommendations for this audit. These observations are discussed in greater detail in the **Audit Observations and Recommendations** section of this report.

Observation 1: Data Integrity Certification Representations. Enhancements could be made to strengthen the basis for certain representations made in the annual Data Integrity Certification required by the BOG.

Observation 2: State University Data System (SUDS) Data Request Management. Controls should be enhanced to ensure that data files are submitted to the BOG in accordance with the specified schedule and that resubmissions, if applicable, are made timely.

Observation 3: Data Integrity Controls. Controls should be enhanced to provide for data integrity checks and verifications prior to submission of data to reduce reporting errors.

¹ UAC Risk Assessment and Audit Plan for the Fiscal Year Ended June 30, 2021.

² Section 1001.92, Florida Statutes, SUS Performance-based Incentive

³ Board of Governors Regulation 5.001(8), Performance-Based Funding

Background, Objectives, Scope, and Methodology:

Background:

The Performance-Based Funding (PBF) Model currently includes 10 metrics that evaluate all State University System (SUS) institutions⁴. The Florida Board of Governors (BOG) designed the model to (1) promote the BOG's strategic plan goals for the SUS (2) reward excellence or improvement (3) have a few clear, simple metrics, and (4) acknowledge the unique mission of the various SUS institutions. Accordingly, the PBF model has several metrics common to all SUS institutions; one selected by the BOG; and one selected by the Florida Poly Board of Trustees (BOT). See **Exhibit C** for a description of the various PBF metrics applicable to Florida Poly.

SUS institutions are evaluated on either excellence or improvement for each PBF metric. The BOG uses data from various data submissions from the most current year to evaluate PBF performance and to make PBF funding decisions for each institution. Therefore, the integrity of data submitted to the BOG is crucial to determining achievement towards strategic goals and funding decisions within the PBF model. Accordingly, State law⁵ provides that each university shall conduct an annual audit to verify that the data submitted complies with the data definitions established by the BOG and submit the audit to the BOG's Office of Inspector General as part of the annual certification process required by the BOG. These data submissions and related controls are the focus of this audit. Although this audit provides assurance over the data submitted to the BOG, the ultimate responsibility for the accuracy and completeness of PBF data submissions resides with university management.

Objectives:

The objectives of this audit were approved⁶ prior to audit completion and were as follows:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF metrics of the University as of September 30, 2020.
- 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.
- Provide reasonable assurance to the President and the Chair of the BOT that certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.

⁴ Prior to the 2021-22 funding year, Florida Poly did not participate in the PBF funding model since it was a newly established institution without sufficient cohort history to measure performance against the established metrics.

⁵ Section 1001.92, Florida Statutes, SUS Performance-based Incentive.

⁶ Approved by the Florida Poly Audit and Compliance Committee on November 11, 2020 and approved by the Florida Poly BOT on November 18, 2020.

Scope and Methodology:

The scope of this audit was approved⁶ prior to audit completion and included the following:

- An evaluation of the validity of representations outlined in the Performance Based Funding – Data Integrity Certification form.
- An evaluation of controls established to ensure the completeness, accuracy, and timeliness of data files that were submitted to the BOG.
- An evaluation of access controls.
- Testing of PBF data submissions for accuracy, completeness, and consistency with data definitions and guidance provided by the BOG.
- A review of data resubmissions and data reclassifications to ensure that they were appropriate and conform to BOG guidance.

UAC assessed the risk of material noncompliance with BOG data reporting requirements and obtained an understanding of data integrity controls in order to adequately design audit procedures necessary to accomplish the audit objectives. Audit procedures included, but were not limited to, the evaluation of internal controls, reviewing written policies and procedures, interviewing key personnel, and performing tests and analysis to evaluate whether control procedures were adequately designed and operating effectively to ensure the completeness, accuracy, and timeliness of data files submitted to the BOG for PBF funding decisions.

UAC would like to acknowledge that University staff who took part in the audit were knowledgeable of their respective areas, responded quickly to questions, and showed patience throughout the audit engagement. Their cooperation was greatly appreciated.

UAC conducted this audit in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards).

Audit Observations and Recommendations:

During the course of the audit, all audit observations were rated as **High**, **Moderate**, or **Low** risk based on an analysis of the impact over the probability of a control process failure and/or the impact to the University if the observation is not corrected, as further described in **Exhibit A**. Audit results and risk ratings are detailed further below for each audit observation.

Overall, based on the results of audit procedures performed, UAC concludes that PBF-related controls over data submissions during the audit period were adequate to ensure reliable processes and procedures designed to ensure that data required in reports filed with the BOG are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness. However, as noted below, the results of this audit did disclose certain observations that are deemed necessary to strengthen such controls.

Observation 1: Data Integrity Certification Representations

BOG Regulations³ provide that a data integrity certification is to be provided to the BOG's Office of Inspector General by March 1 of each year. The certification drafted by the BOG includes 13 specific representations which are to be certified and signed by the University President and the BOT Chair. Four of the representations stand on their own as an acknowledgement of responsibility; however, included within the remaining nine representations were representations based, in part, on other factual evidence and therefore included within the scope of this audit. UAC noted that the following enhancements could be made to provide a better basis for certain representations included in the certification:

- Representation 5 requires university staff to certify that they have “appointed a Data Administrator to certify and manage the submission of data to the BOG”. Although the university has informally assigned this responsibility to the University's Director of Institutional Research, such responsibility has not been adequately assigned and documented in the written job description for the Director of Institutional Research. Such written responsibilities outlined in the job description should also require the following:
 - This position is responsible for establishing and maintaining effective internal controls and monitoring over the collection and reporting of data submitted to the BOG which will be used in PBF decision making. (Representation 1)
 - This position is responsible for establishing controls and monitoring activities which include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with the BOT and the BOG are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness. (Representation 2)
 - This position is responsible for ensuring that data files (prior to submission) are consistent with the criteria established by the BOG's Data Committee. Required due diligence includes performing tests on the files using applications, processes, and data definitions provided by the BOG. (Representation 6)
 - This position is responsible for submitting data files to the BOG in accordance with the specified schedule. (Representation 8)

In response to UAC's request, the University's Human Resource (HR) department provided a written job description for the Director of Institutional Research that included the following excerpted duties as specific responsibilities:

- Data Requests: Works with the Academic Affairs leadership team on generating, managing, organizing, and assigning responses to data requests made to the Office of Institutional Research. Tracks status and completion of data requests, acting as needed to assure deadlines are met. Checks data responses for accuracy and formatting prior to release to clients.
- Data Analysis: Coordinates and oversees projects such as BOG reports as assigned.

Although the duties identified above in the current job description provide a certain level of responsibility with respect to all data requests, it does not specify the level of responsibility and ownership over PBF data submissions that is required to be affirmed in the BOG certification. Additionally, such responsibilities, although provided to UAC by HR, have not been acknowledged (signed) by the employee or his immediate supervisor – nor were they communicated, of record, to the employee through a Workday posting under job responsibilities.

The failure to properly document responsibility for PBF data submissions increases the risk that employees may misunderstand the importance of such responsibilities, providing limited assurance that these responsibilities were undertaken consistent with BOT/BOG expectations.

Risk Rating: Moderate

Recommendation: The written job description of the position assigned the role of University Data Administrator (i.e., Director of Institutional Research) should be enhanced to incorporate the various data integrity responsibilities outlined in the BOG certification. Additionally, such enhanced responsibilities should be properly acknowledged/approved and accessible to the employee in the Workday employee profile.

Management Response: Human Resources: I have spoken with our Classification & Compensation resource and we will be adding the recommended language to the Director of Institutional Research's job description. Once this is added it will be sent to the employee and the direct supervisor to sign and will also be uploaded to Workday. This should be accomplished by Friday, February 5, 2021.

Responsible Person: DeAnn Doll, Associate Director of Human Resources.

Observation 2: SUDS Data Request Management

The BOG's Office of Data and Analytics (ODA) manages the State University Database System (SUDS) and works with SUS Institutional Research staff to ensure that data adheres to the system's established business rules. The SUDS system serves as the repository for all required PBF data submissions. (See applicable submission files listed in **Exhibit C**). These data submissions are utilized by ODA for PBF metric analysis and reporting which in turn serves as the basis for PBF funding decisions. BOG Regulations⁷ provide that institutional data administrators are responsible for providing complete and accurate responses to information requests within the times specified by ODA. Additionally, the President and Board Chair are required to annually certify⁸ that PBF-related SUDS data files were submitted to ODA in accordance with the specified schedule.

To facilitate timely reporting of SUDS data requests, ODA publishes a Due Date Master Calendar which identifies upcoming data submissions and their respective due dates. To facilitate accurate data submissions, ODA has established validation controls that subjects data submissions to various data integrity checks as files are submitted. These ODA-established controls identify certain errors or anomalies which may result in the rejection of the data submission; however, such controls do not substitute for the University's responsibility to ensure the accurate reporting of data. Once rejected, subsequent submissions are required until the data submission is accepted by ODA staff. The SUDS system maintains a log of all data submissions, rejections (if applicable), and the ODA acceptance date for each required data file. During the audit period, the University was required to submit 14 various PBF-related data requests through the SUDS system.

⁷ Board of Governors Regulation 3.007(2)(b), State University System (SUS) Management Information Systems

⁸ Data Integrity Certification, Representation 8

The table below, summarizes PBF-related data submissions during the audit period that were not made timely:

Table 1				
Untimely SUDS Data Submissions				
Period: 10/1/19 – 09/30/20				
	BOG Reference		Submission File Name	Days Late
1	SIF	201905	Student Instruction File	3
2	SIFD	201905	Degrees Awarded File	6
3	ADM	201908	Admissions File	8
4	SIFP	201908	Student Instruction Preliminary	17
5	HTD	20182019	Hours to Degree	13
6	SIF	201908	Student Instruction File	13
7	SIFD	201908	Degrees Awarded File	8
8	SIF	202001	Student Instruction File	5
9	SIF	202005	Student Instruction File	3

The table below summarizes data submissions that were rejected by ODA during the audit period and identifies total days past the initial submission due date until accepted by ODA:

Table 2				
Rejected SUDS Data Submissions				
Period: 10/1/19 – 09/30/20				
	BOG Reference		Rejected Submission File Name	Days Late Until Accepted by ODA
1	SFA	20182019	Student Financial Aid File	66
2	ADM	201908	Admissions File	105
3	SIFP	201908	Student Instruction Preliminary	151
4	SIFD	201908	Degrees Awarded File	14
5	ADM	202001	Admissions File	15

As noted in **Table 1** above, 9 of the 14 required data submissions (64%) during the audit period were not made timely and ranged from 3 to 17 days past the due date. Additionally, as noted in **Table 2** above, 5 of 14 required data submissions were rejected (36%) and not accepted by ODA staff until 14 to 151 days after the due date. University staff advised that these untimely submissions and file errors were the result of several factors as follows:

- Submissions were delayed because of Institutional Research's (IR) identification of reporting deficiencies and efforts at submitting accurate and complete data.
- Employee turnover and training in the IR department.
- A new software application that was used in Admissions.

- Enhancing the control structure to provide for greater delineation of responsibility and data ownership between the various data stewards (Admissions, Financial Aid, and the Registrar) so that validation controls implemented by IR would be more effective.

The inability to meet established timeframes for required data submissions and ensure that such submissions are free of errors could jeopardize PBF funding decisions and potentially result in the loss of PBF funding available to the University.

Risk Rating: Moderately High

Recommendation: The University should continue its efforts at enhancing controls to ensure the timeliness of all required SUDS submissions as well as any resubmissions, if applicable.

Management Response: IR: The SUDS data submissions for this cycle of reporting shifted from IR solely pulling and reporting the data to having the data stewards be responsible for data ownership and reporting, allowing enhanced control of validation by IR. This process required acceptance and training where accuracy of the data overruled timeliness. Going forward this process will diminish time delays while improving accuracy and process control.

Responsible Person: Kevin Calkins, Director of IR.

Observation 3: Data Integrity Controls

BOG Regulations⁹ provide that each university president shall appoint an Institutional Data Administrator to be responsible for managing university responses to the BOG's information requests. The Regulation further provides that Institutional Data Administrators shall take the necessary actions to ensure that the information provided is accurate and adheres to the criteria and definition standards included in the information request. As noted in **Observation 1**, such requirements are further incorporated into the required annual PBF data integrity certification.

Florida Poly has appointed the Director of Institutional Research (IR) to serve as the official Institutional Data Administrator for the university. University IR is dependent on the systems used and data captured by both Admissions and the Registrar in fulfilling the various PBF data requests by the BOG. Nevertheless, University IR has developed and implemented certain controls over data collected and reported by other university departments to ensure the validity of data reported. Such controls include, but are not limited to, reviewing the files for completeness and accuracy, and performing other control measures in order to validate data prior to submission. Additionally, IR holds periodic meetings with Admissions and Registrar staff to identify challenges and enhance PBF data reporting.

In accordance with the approved scope of this audit¹⁰, UAC performed testing on each of the various PBF-data submissions (as outlined in **Exhibit C**) to determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of PBF data submissions to the BOG as of September 30, 2020. Accordingly, the audit methodology included the selection and testing of certain data

⁹ Board of Governors Regulation 3.007, State University System (SUS) Management Information Systems

¹⁰ As approved by the Audit & Compliance Committee on November 10, 2020

elements from each of the various submissions reported to the BOG during the audit period. The following was noted during such audit tests suggesting that controls over data submissions could be further enhanced:

- **Student Instruction File (SIF and SIFP - sample of 40):**
 - For 13 students, transfer hours earned in either high school or other postsecondary schools were not reported in accordance with BOG requirements. The BOG requires that such hours be separately reported as either earned in high school or post-high school. In response to this potential reporting matter, University staff advised that they have been working through the entire student population (past and present) to update all transfer credit so it can be appropriately marked as applied or excluded. Additionally, they have worked towards improving the reports used to extract data for SIF submissions. This data cleanup was after SIF files were submitted and accounted for most of the discrepancies noted in the audit. University staff further advised that transfer data cleanup is complete for past students and validating data after initial entry is now part of the process. Therefore, most of these reporting exceptions should be corrected in subsequent submissions. (Elements 02085/02086)
 - For one student, the date of readmission was incorrectly reported. This was due to a misunderstanding of vague language provided by the BOG on how to report readmitted students. (Elements 01413 and 01420)
 - In 5 instances, the reported race/ethnicity of the student was not accurate and/or did not completely agree with the university application, as completed by the student. In most cases, this occurred because the student simply identified as “more than one race” without specifying further details and this was not an option in the BOG reporting format. In one instance an applicant identified as Hispanic or Latino but was not reported as such. In one instance, an applicant identified as white but was not reported as such (was reported as only Hispanic or Latino).
 - For 5 students, the high school code was omitted and not reported in the submission. These reporting errors do not impact the PBF metrics.
- **Hours to Degree (HTD) File (sample of 25):**
 - For 1 student, one course was improperly coded as used towards degree when it was not (element 01489).
- **Student Financial Aid (SFA) File (sample of 25):**
 - For 4 students, financial aid reported did not match university system of record (aid for 2 of the 4 students were reported in the wrong period and for 2 others the amounts did not match). These reporting errors occurred because University staff reported the summer term information in error. University Audit was unable to quantify the overall effect of this reporting error; however, it does impact Metric 3, Average Cost to the Student.
- **Metric 10 File (Workforce Experiences – sample of 30):**
 - Two students were incorrectly reported as working on external grants (an eligible workforce experience); however, they were only employed as OPS in either Admissions or Libraries. This occurred because the job was modeled in Workday similar to a student research assistant. In both cases, the students still had at least 2 workforce experiences despite this reporting error.

- **Other Tests:**

- As noted in **Observation 2**, 5 of 14 required data submissions during the audit period were rejected by the BOG (36%) and not accepted by BOG ODA staff until 14 to 151 days after the due date. This occurred, in part, because the initial submissions did not pass validation controls used by the BOG.

The inability to establish appropriate controls to ensure that PBF data submissions are timely and free of reporting errors could jeopardize PBF funding decisions and potentially result in the loss of PBF funding available to the University.

Risk Rating: Moderate

Recommendation: University IR should continue working with Admissions, Financial Aid, and the Registrar's office to enhance validation controls over data collected and reported to ensure the timeliness, completeness, and accuracy of data reported to the BOG. As outlined in the PBF data integrity certification, such due diligence should include performing tests on the files using applications, processes, and data definitions provided by the BOG.

Management Response: IR: Collaboration with Admissions, Financial Aid, and the Registrar Office will continue on a regular basis to ensure timeliness, completeness, and accuracy of data reported to the BOG. Because many of these data files impact subsequent reports, this collaboration is essential for understanding the full reporting process that leads to PBF scoring and funding.

Responsible Person: Kevin Calkins, Director of Institutional Research.

Exhibit A: UAC Audit Observation Risk Ranking Matrix

Risk Rating	Criteria	Examples
High:	This is a high priority observation; immediate attention from University personnel is required. This is a serious internal control or risk management issue that if not corrected or mitigated could lead to serious consequences.	
	<ul style="list-style-type: none"> • Substantial risk of loss • Serious risk of violation of University strategies, policy, or values • Serious risk of reputational damage • Significant risk of adverse impact 	<ul style="list-style-type: none"> • No policy exists • Controls do not exist or not placed into operation • Significant fraud detected • Significant amount of questioned transactions • Significant noncompliance observed
Moderate:	This is a medium priority observation; timely attention from University personnel is warranted.	
	<ul style="list-style-type: none"> • Moderate risk of financial losses • Moderate risk of loss of controls within the program or area audited • Adverse impact resulting in moderate sanctions or penalties 	<ul style="list-style-type: none"> • Inconsistent application of policy • Only mitigating controls exist • Requires additional evaluation or review
Low:	This is a low priority observation; routine attention from University personnel may be warranted. Recommendation may lead to improvement in the quality and/or efficiency of the process or area audited. Risks are limited.	
	<ul style="list-style-type: none"> • Remote risk of inappropriate activity • Insignificant adverse impact • Immaterial amounts involved 	<ul style="list-style-type: none"> • Control exists but only nominal exceptions noted • Compensating controls exist but internal controls could be enhanced

Exhibit B: Action Plan for Audit Observations

Observation Number	Action	Responsible Person	Implementation Deadline
1	The written job description of the position assigned the role of University Data Administrator (i.e., Director of Institutional Research) should be enhanced to incorporate the various data integrity responsibilities outlined in the BOG certification. Additionally, such enhanced responsibilities should be properly approved and accessible to the employee in the Workday employee profile.	DeAnn Doll, Associate Director of Human Resources	February 2021
2	Enhance controls to ensure the timeliness of all required SUDS submissions as well as any resubmissions, if applicable.	Kevin Calkins, Director of Institutional Research	February 2021
3	University IR should continue working with Admissions and the Registrar's office to enhance validation controls over data collected and reported to ensure the timeliness, completeness, and accuracy of data reported to the BOG.	Kevin Calkins, Director of Institutional Research	February 2021

Exhibit C: 2020 PBF Metrics and Corresponding Data Submission Files

Metric	Description	SUDS Data Submission Files	Other Data Relative to Metric
Metrics Common to All Institutions			
1	Percent of Bachelor's Graduates Enrolled or Employed (Earning \$25,000+)	SIFD	FETPIP*, WRIS2*, FEDES*, NSC*
2	Median Wages of Bachelor's Graduates Employed Full-time	SIFD	FETPIP*, WRIS2*, FEDES*, NSC*
3	Average Cost to the Student (Net Tuition per 120 Credit Hours)	HTD, SFA, SIF	None
4	FTIC Four Year Graduation Rate	SIF, SIFD, RET	None
5	Academic Progress Rate (APR)	SIF, RET	None
6	Bachelor's Degrees Awarded in Areas of Strategic Emphasis	SIFD	None
7	University Access Rate (Percent of Undergraduates with a Pell-grant)	SFA, SIF	None
8b ¹¹	Freshman in Top 10% of Graduating High School Class	ADM	None
Board of Governors Choice Metric			
9	Percent of Bachelor's Degrees without Excess Hours	HTD	None
Board of Trustees Choice Metric			
10	Graduates with 2+ Workforce Experiences	SIFD	Qualtrics Survey Data, Workday, Capstone Database, other documents

ADM – Admissions File

HTD - Hours to Degree File

RET - Retention File

SIF – Student Instruction File

SIFD – Student Instruction File – Degrees Awarded

SFA – Student Financial Aid File

FDES – Federal Employment Data Exchange

FETPIP – Florida Education and Training Placement Information Program

NSC – National Student Clearinghouse

WRIS2 – Wage Record Interchange System

*Denotes external data source not included within the scope of this audit.

NOTE: For the 2021 PBF Metrics, Metric 5, which previously was weighted at 10 points in the PBF scoring metrics, will be replaced with the following two metrics that will be weighted at 5 points each to maintain a total of 100 points: 2-year AA Graduation Rate and APR for Pell Recipients.

¹¹ Metric 8b was applicable to New College of Florida and Florida Poly in 2020. All other SUS institutions utilized Metric 8a (Graduate Degrees Awarded in Areas of Strategic Emphasis).

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
February 10, 2021**

Subject: Data Integrity Certification

Proposed Committee Action

Recommend approval of the Data Integrity Certification for 2021 (as modified for audit results) to the Board of Trustees.

Background Information

Board of Governors (BOG) Regulation 5.001(8) provides that a data integrity certification is to be provided to the BOG's Office of Inspector General by March 1 of each year. The certification drafted by the BOG includes 13 specific representations which are to be certified and signed by the University President and the BOT Chair after being approved by the Board of Trustees. Four of the representations stand on their own as an acknowledgement of responsibility; however, included within the remaining nine representations were representations based, in part, on other factual evidence that was subjected to audit in the Performance Based Funding Data Integrity Audit. The audit allows the Board Chair and President to certify the accuracy of data submissions to the Board of Governors.

This certification has been modified to reflect the results of the Performance-Based Funding Data Integrity Audit and will need to be signed by the Board Chair and the President and then submitted to the Board of Governors.

Supporting Documentation: Data Integrity Certification, March 2021 (modified for the results of the Performance-Based Funding Data Integrity Audit) and memo from Sydney Kitson, Chair of the Florida Board of Governors, relating to Data Integrity Audits and the required Certification.

Prepared by: David A. Blanton, CAE/CCO



Data Integrity Certification

March 2021

University Name: Florida Polytechnic University

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

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university’s collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
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 checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	As noted in the PBF Data Integrity audit (Report No. FPU 2021-06), controls and processes over this representation could be enhanced.
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing Submit for Approval represents electronic certification of this data per Board of Governors Regulation 3.007."	<input checked="" 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 checked="" 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification

practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.			
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 checked="" 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 checked="" 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 _____ <div style="margin-left: 40px;">President</div></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 _____ <div style="margin-left: 40px;">Board of Trustees Chair</div></p>



Florida Board of Governors
State University System of Florida
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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

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

required by Florida Statutes,¹ 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 1st 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,

¹ 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
Page 3 of 3

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 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

**Florida Polytechnic University
Audit & Compliance Committee
Board of Trustees
February 10, 2021**

Subject: Foundation Financial Audit (June 30, 2020 Fiscal Year Ending)

Proposed Committee Action

Information only.

Background Information

A representative from Carr, Riggs & Ingram (independent CPA firm that conducted the Foundation's audit) will provide the Committee with an overview of the Foundation's financial audit for the fiscal year ended June 30, 2020.

Pursuant to University Regulation (FPU 10.002), the Foundation is required to submit the annual financial audit to the University Board of Trustees for review and oversight.

Supporting Documentation: Foundation Audit Report; Prepared and Presented by CRI

Prepared by: David A. Blanton, CAE/CCO



Florida Polytechnic University Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2020



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

We have audited the accompanying financial statements of the governmental activities and the General fund, of the Florida Polytechnic University Foundation, Inc. (Foundation) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General fund, of the Florida Polytechnic University Foundation, Inc., as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
February 4, 2021

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2020

The management's discussion and analysis of Florida Polytechnic University Foundation, Inc.'s (Foundation), a component unit of Florida Polytechnic University, financial performance provides an overview of the Foundation's financial activities for the year ended June 30, 2020. It should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

As of June 30, 2020, the Foundation reported total assets of \$6,935,899, total liabilities of \$2,887,931 and a net position of \$4,047,968. The Foundation is a not-for-profit corporation incorporated in the State of Florida, but reports financial information in accordance with the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements providing information about the activities of the Foundation as a whole; 2) fund financial statements; and, 3) notes to the financial statements.

Government-wide Financial Statements – The government-wide financial statements are designed to provide a broad overview of the Foundation's finances in a manner similar to a private-sector business. The government-wide statements provide information about the Foundation's financial status as a whole. These statements include details of general revenue during the year and a breakdown by category of expenses. The statements include all assets and liabilities using the accrual basis of accounting. This means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Foundation's net position and changes in net position. The net position – the difference between assets and liabilities – is an important measure of the Foundation's financial health.

Fund Financial Statements – The fund financial statements provide a detailed look at the Foundation's General Fund. The Foundation, like all government entities, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance related legal requirements. The Foundation uses one fund, a governmental General Fund, which focuses on 1) how cash and other financial assets, that can readily be converted to cash, flow in and out; and, 2) the balances left at year-end that are available for spending. Consequently, the General Fund statements provide a detailed short-term view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance the Foundation's programs.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2020

FINANCIAL HIGHLIGHTS

As noted above, net position may serve, over time, as a useful indicator of a government's financial position. The following schedules provide a summary of assets, liabilities, and net position and changes in net position of the Foundation:

<i>June 30,</i>	2020	2019	Increase (Decrease)
Assets			
Cash and cash equivalents	\$ 1,011,539	\$ 534,401	\$ 477,138
Investments	5,451,562	6,032,750	(581,188)
Contributions receivable, net	466,964	272,719	194,245
Accrued interest	5,034	8,537	(3,503)
Other non-current assets	800	-	800
Total assets	\$ 6,935,899	\$ 6,848,407	\$ 87,492
Liabilities			
Accounts payable	\$ 21,623	\$ 7,149	\$ 14,474
Due to Florida Polytechnic University	116,308	3,064	113,244
Other liabilities	2,750,000	2,750,000	-
Total liabilities	2,887,931	2,760,213	127,718
Net Position			
Restricted for			
Nonexpendable Endowments	2,176,573	1,422,338	754,235
Expendable	839,417	1,235,226	(395,809)
Unrestricted	1,031,978	1,452,100	(420,122)
Total net position	\$ 4,047,968	\$ 4,109,664	\$ (61,696)

Total assets as of June 30, 2020 were \$6,935,899, an increase of \$87,492 from the prior year. Total assets increased due to an increase in contributions receivable of \$194,245 and an increase in cash and cash equivalents of \$477,138. Total liabilities increased by \$127,718 due to a request by FPU Financial Aid to increase the Foundation's contribution to general scholarships. The Foundation's net position as of June 30, 2020 was \$4,047,968, a decrease of \$61,969 from the prior year

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2020

FINANCIAL HIGHLIGHTS (CONTINUED)

As of June 30, 2020, approximately 75% of the Foundation's net position was restricted, of which approximately 54% is considered nonexpendable for endowments. The remaining 21% restricted is for scholarships, student wellness, and other student activities. The remaining balance of net position, or approximately 25% of the total net position, is unrestricted and may be used to meet the Foundation's unrestricted obligations.

<i>For the year ended June 30,</i>	2020	2019	Increase (Decrease)
Revenues			
Contributions, net of allowance and discounts	\$ 790,189	\$ 687,128	\$ 103,061
Interest and other	155,425	328,434	(173,009)
Miscellaneous revenue	2,827	385	2,442
Special Item - Gain on Forgiveness of Pledge Liability	-	5,718,582	(5,718,582)
Total revenues	948,441	6,734,529	(5,786,088)
Expense			
Management and General	241,797	932,155	(690,358)
Program Services	290,000	123,764	166,236
Fundraising	478,340	220,597	257,743
Total expenses	1,010,137	1,276,516	(266,379)
Change in net position	(61,696)	5,458,013	(5,519,709)
Net Position, beginning of year	4,109,664	(1,348,349)	5,458,013
Net Position, end of year	\$ 4,047,968	\$ 4,109,664	\$ (61,696)

Statement of Activities Table

Contributions to the Foundation totaled \$790,189, an increase of \$103,061 from the prior year. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. Program Services totaled \$290,000, an increase of \$166,236 from the prior year, due to a greater number of scholarships provided. Management and general expenses for the Foundation totaled \$241,797 which represented the Foundation's contribution above the FL Statute \$200,000 threshold permissible to be paid by public funds. This is a decrease of \$690,358, completely due to the Foundation reclassifying costs and budgeting costs more efficiently. Some of those cost reclassifications are shown in the fundraising expense increase of \$257,743.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2020

Economic Factors

The Foundation is under new leadership effective September, 2019. The Foundation will refocus to ensure we seek investment resources that will align with the strategic priorities of the University. It is the objective of the Foundation to be a strong advocate for funding resources ensuring the University meets the strategic mission to serve students and industry through excellence in education, discovery and application of engineering and applied sciences.

Request for Information

If you have any questions concerning the basic financial statements or other accounting information in this report, please contact the Foundation at:

Florida Polytechnic University Foundation
Kathleen (Kathy) Bowman, VP Advancement & CEO Florida Polytechnic University Foundation
4550 Polytechnic Circle, Lakeland, FL 33804

Florida Polytechnic University Foundation, Inc.
Statement of Net Position

		Primary Government Governmental Activities
<i>June 30, 2020</i>		
Assets		
Cash and cash equivalents	\$	1,011,539
Investments		340,532
Contributions receivable, net		249,264
Accrued interest		5,034
Other non-current assets		800
Restricted assets		
Non-current assets		
Investments - endowment		2,176,573
Investments - restricted for other long term purpose		2,934,457
Contributions receivable, net		217,700
Total assets	\$	6,935,899
Liabilities		
Accounts payable	\$	21,623
Due to Florida Polytechnic University		116,308
Other liabilities		2,750,000
Total liabilities		2,887,931
Net Position		
Restricted for		
Nonexpendable Endowments		2,176,573
Expendable		839,417
Unrestricted		1,031,978
Total net position	\$	4,047,968

The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc.
Statement of Activities

<i>For the year ended June 30, 2020</i>		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Component unit activities					
Program Services	\$ 290,000	\$ -	\$ 790,189	\$ -	\$ 500,189
Management and general	241,797	-	-	-	(241,797)
Fundraising	478,340	-	-	-	(478,340)
Total governmental activities	\$ 1,010,137	\$ -	\$ 790,189	\$ -	\$ (219,948)
General revenues					
Investment earnings					155,425
Miscellaneous					2,827
Total general revenues					158,252
Change in net position					(61,696)
Net position, beginning of year as previously reported					4,109,664
Net position, end of year					\$ 4,047,968

The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc.
Balance Sheet
General Fund

June 30, 2020

Assets

Cash and cash equivalents	\$ 1,011,539
Investments	340,532
Contributions receivable, net	466,964
Accrued interest	5,034
Other assets	800
Restricted assets	
Investments - endowment	2,176,573
Investments - other long term purpose	2,934,457

Total assets \$ 6,935,899

**Liabilities, Deferred Inflows of Resources,
and Fund Balances**

Liabilities

Accounts payable	\$ 21,623
Accrued payroll and related liabilities	116,308
Other liabilities	2,750,000
Total liabilities	2,887,931

Deferred inflows of resources

Unavailable revenue	217,700
Total deferred inflows of resources	217,700

Fund balances

Nonspendable	
Endowment	2,176,573
Restricted for	
Scholarships	486,630
Other programs	260,387
Unassigned	906,678
Total fund balances	3,830,268

Total liabilities, deferred inflows of resources, and fund balances \$ 6,935,899

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - General Fund \$ 3,830,268

Unavailable revenue is recorded in the General Fund to offset receivables that do not meet the criteria for revenue recognition in the current period. \$ 217,700

Net Position of Governmental Activities \$ 4,047,968

The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund

For the year ended June 30, 2020

Revenues

Contributions, net of allowance and discounts	\$ 595,865
Interest and other	155,425
Miscellaneous revenue	2,827
Total revenues	754,117

Expenditures

Current	
General government	
Management and General	241,797
Program Services	290,000
Fundraising	478,340
Total expenditures	1,010,137

Excess (deficiency) of revenues over (under) expenditures	(256,020)
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Net change in fund balances	(256,020)
Fund balances, beginning of year	4,086,288

Fund balances, end of year	\$ 3,830,268
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Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance - General Fund	\$ (256,020)
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Some revenues reported in the statement of activities will not be collected for at least one year after the fiscal year end and, therefore, are not reported as revenue in the General Fund

Changes in Unavailable Revenue - Contributions	\$ 194,324
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Changes in Net Position of Governmental Activities	\$ (61,696)
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The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Polytechnic University Foundation, Inc. (Foundation) was incorporated on October 30, 2012. Foundation was formed as a direct-support organization in accordance with Section 1004.28, Florida Statutes, and operates exclusively for the benefit of Florida Polytechnic University (University). The Foundation is considered a component unit of the University. The governing body of the Foundation is the Board of Directors (Board). The Board is comprised of not less than three and not more than forty-five elected directors, revised by the Nominations Committee, elected by the Board, and confirmed by the University Board of Trustees. The Foundation's purpose is to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University by encouraging alumni and friends to provide private funds and other resources for the University's benefit, to manage those assets, to provide volunteer leadership in support of the University's objectives and to perform all business matter to accomplish these purposes, and to exercise rights in intellectual property for the benefit of the University.

Reporting Entity

According to the Foundations by-laws and Section 1004.28, Florida Statutes, the University Board of Trustees shall approve all appointments to the Foundation Board, resulting in University control of the Board. Therefore, the Foundation's financial statements are prepared in accordance with generally accepted accounting principles applicable to governmental nonprofit organizations as prescribed by the Governmental Accounting Standards Board (GASB).

In evaluating the Foundation as a reporting entity, there were no component units identified for which the Foundation is considered financially accountable.

Basis of Presentation

As noted above, The Foundation complies with accounting standards established by the GASB. The Foundation has implemented GASB Statement No. 34 as amended, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Foundation. The Foundation reports only governmental activities; it does not have any business- type activities. Governmental activities are supported largely by contributions. Contributions are reported as program revenues, and miscellaneous and investment income are reported as general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other items not properly included as program revenues are reported as general revenues.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The financial transactions of the Foundation are reported in one fund in the fund financial statements. The fund is accounted for by a providing separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the Foundation's fund is as follows:

Governmental Fund

- General Fund – This fund is used to account for the accumulation and expenditure of resources that are not required to be accounted for in another fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Contributions and similar items are recognized when all eligibility requirements have been met, although some may carry no requirements.

Governmental fund financial statements are reported using the financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Assets, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Contributions Receivable

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Unrestricted and restricted contributions receivable are recorded in the statement of net position. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value) at a discount rate of 1.05% for 2020. Endowment pledges are not recognized in the statement of net position.

Management estimates the allowance for uncollectible promises based on historical write-offs. Contributions are reported at net realizable value in the initial year and a discount is recorded. These contributions are not revalued in subsequent years and the Foundation has not elected the fair value option. Discount amortization is recognized as contribution revenue in subsequent years.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money market accounts. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonable possible that change in the fair values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Money market funds in the brokerage account are FDIC insured up to \$250,000.

Deferred Inflows of Resources

In addition to liabilities, the statement of revenue, expenditures, and changes in fund balance reports a separate section for deferred inflows of resources. This separate financial statement element reports unavailable revenues from certain contributions and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Net Position

Classification of net position is defined as follows:

- Restricted – nonexpendable endowment includes funds subject to donor-imposed stipulations that they be maintained permanently by the Foundation to use all or part of the related investment return for general or specific purposes in support of the University.
- Restricted – expendable includes funds whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations.
- Unrestricted includes funds that do not meet the definition of restricted or net investment in capital assets.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, which was implemented by the Board for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can only be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can be used for specific purposes determined by a formal action of the government’s highest level of decision-making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

The Foundation has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Foundation will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts, unless the Foundation has provided otherwise in its commitment or assignment actions.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized as increases in net position when received provided all eligibility requirements have been met, with the exception of pledges to the endowment which are recognized when received. Any assets donated to the Foundation are recorded at their fair value at the date of donation.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation adopted the income tax standard for uncertain tax positions on January 1, 2009. As a result of the implementation, the Foundation determined there were no uncertain tax position for which either recognition or disclosure is required in the Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 4, 2021. See Note 4 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At June 30, 2020, \$500,000 of the Foundation's bank balances is covered by federal depository insurance (FDIC).

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution the Foundation may not be able to recover deposits.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Foundation had no policy on interest rate risk.

As of June 30, 2020, the Foundation had the following investments in debt securities and related maturities:

Investment Type	Investment Maturities			
	Fair Value	Less than 1 year	1-5 Years	> 5 Years
Corporate Bonds	\$ 658,946	\$ -	\$ 325,091	\$ 333,855
Foreign Bonds	92,667	-	92,667	-
U.S. Government Bonds	536,000	-	380,525	155,475
Mutual Funds				
Equity	3,650,949	3,650,949	-	-
Bonds	513,000	513,000	-	-
Total Investments	\$ 5,451,562	\$ 4,163,949	\$ 798,283	\$ 489,330

Credit Risk - Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not limit investment options of the Foundation. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2020 for each type of investment. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2020 for each type of investment.

Investment Type	Rating	Fair Value
Corporate Bonds	AAA - BBB+	\$ 658,946
Foreign Bonds	AA+ - AAA	92,667
U.S. Government Bonds	AA+	536,000
Mutual Funds		
Equity	NR	3,650,949
Bonds	NR	513,000
Total Investments		\$ 5,451,562

Fair Value – GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation's investments at June 30, 2020 are reported at fair value as follows:

Investment Type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Corporate Bonds	\$ 658,946	\$ 658,946	\$ -	\$ -
Foreign Bonds	92,667	92,667	-	-
U.S. Government Bonds	536,000	536,000	-	-
Mutual Funds				
Equity	3,650,949	3,650,949	-	-
Bonds	513,000	513,000	-	-
Total Investments	\$ 5,451,562	\$ 5,451,562	\$ -	\$ -

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Contribution Receivable

Contribution receivable at June 30, 2020 are summarized as follows:

<u>Expected receipt of contribution in:</u>	<u>Amount</u>
2021	\$ 282,530
2022	203,850
2023	13,850
<u>Gross contributions receivable</u>	<u>500,230</u>
Less discount for present value	(5,252)
<u>Less allowance for doubtful contributions receivable</u>	<u>(28,014)</u>
<u>Net contributions receivable</u>	<u>\$ 466,964</u>

Contributions receivable consist primarily of promises from individuals and corporations within the Central Florida and Tampa Bay area. Management has established an allowance account as its estimate of uncollectible promises to give of approximately \$28,000 at June 30, 2020.

Other Liabilities

The Foundation has \$2,750,000 in other liabilities as of year ended June 30, 2020. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation. According to the stipulations of the second amendment to the donation agreement, \$250,000 was returned to the anonymous donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year end June 30, 2015, the remaining \$1,552,800 was matched, collected, and recognized as revenue. The remaining \$2,750,000 cannot be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time thereafter, upon its written request remove the remainder of the donation. If this event occurs, the Foundation is required to return the \$2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. As of the issuance of the June 30, 2020 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Endowment Composition

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2020 the balance was \$2,176,573.

The Foundation authorizes expenditures for the uses and purposes for which endowment funds were established.

The Foundation is allowed to spend a portion of the total return on endowment funds for current year needs. Any remainder of the total return is to be reinvested to keep pace with and exceed inflations. Dividends earned on endowment funds are to be spent on a percentage of the average prior five calendar years' market value when available.

Note 3: RELATED PARTY TRANSACTIONS AND SPECIAL ITEM

The Foundation contributed \$531,797 to the University for the year ended June 30, 2020. The Foundation has a remaining liability due to the University in the amount of \$116,308.

At June 30, 2020, there was \$265,000 of gross contribution receivables due from Foundation Board of Directors and University Board of Trustees. For the year ended June 30, 2020, contribution revenue from the Foundation Board of Directors and University Board of Trustees totaled \$673,662.

Note 4: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2020 through February 4, 2021, the date the current year's financial statements were available to be issued.

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the industries in which the Company operates.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General fund, of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Foundation’s basic financial statements and have issued our report thereon dated February 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

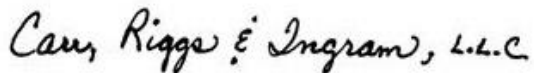
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
February 4, 2021