

Audit Report

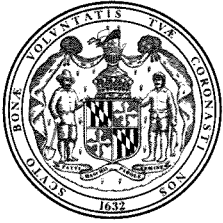
**University System of Maryland
Towson University**

June 2013



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Thomas J. Barnickel III, CPA
Legislative Auditor

June 18, 2013

Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the University System of Maryland (USM) – Towson University (TU) for the period beginning February 9, 2009 and ending December 11, 2011. TU is a comprehensive public institution of USM and provides a broad range of baccalaureate programs as well as selected professionally oriented graduate and doctoral programs.

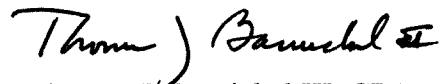
Our audit disclosed that TU had not taken appropriate and timely action against students who had multiple occurrences of paying tuition and fees using bad checks. Over a 29-month period, 78 students had presented two or more bad checks to pay for tuition and fees in two or more semesters. Our testing of 22 students disclosed that TU routinely did not require the students to provide a guaranteed form of payment to satisfy outstanding debts as required, ultimately resulting in debts for certain students totaling approximately \$79,000 being referred to the State's Central Collection Unit.

Our audit also disclosed that TU entered into an interagency agreement with another State agency, with costs totaling \$4.3 million over four years, which enabled the agency to circumvent State Procurement Regulations to obtain certain services. In many cases, the State agency identified the individuals to be hired by TU, and TU performed no oversight or monitoring of the activities performed by these individuals.

Our audit also disclosed that TU needs to take additional steps to secure its information systems, such as strengthening its malware protection and consistently applying security monitoring controls.

An Executive Summary of our findings can be found on page 5. The USM Office's response to this audit, on behalf of TU, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by TU.

Respectfully submitted,

A handwritten signature in black ink that reads "Thomas J. Barnickel III". The signature is written in a cursive style with a large initial "T" and a stylized "B".

Thomas J. Barnickel III, CPA
Legislative Auditor

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Executive Summary

Legislative Audit Report on University System of Maryland Towson University (TU) June 2013

- **TU did not always take appropriate and timely action against students that continually paid their tuition and fees with bad checks. Specifically, TU did not require students who had previously paid with a bad check to pay with a guaranteed form of payment. For example, six students submitted a total of 24 bad checks during 2 to 5 semesters that ultimately resulted in approximately \$79,000 being sent to the Central Collection Unit.**

TU should use available automated system features that would prevent students from repeatedly paying with bad checks and require students that have previously paid with a bad check to pay subsequent debts with a guaranteed form of payment.

- **TU entered into an agreement with another State agency that enabled the agency to circumvent State Procurement Regulations to obtain certain contractual services. In this regard, the State agency identified the individuals to be hired in many cases, and TU performed no monitoring or oversight of the activities performed under the agreement.**

TU should discontinue providing the services as currently arranged and avoid entering into such contracts in the future.

- **Controls over TU's information systems were not sufficient. Specifically, TU's malware protection program was not installed on all critical equipment and monitoring controls were not consistently applied to certain critical databases and applications.**

TU should ensure that malware protection is installed and operating on all critical information systems equipment and that monitoring controls are in place at all times.

- **Certain internal control deficiencies were noted with respect to TU's payroll processing.**

TU should take the recommended actions to improve internal controls in this area.

Background Information

Agency Responsibilities

Towson University (TU) is a comprehensive public institution of the University System of Maryland (USM) and operates under the jurisdiction of USM's Board of Regents. TU provides a broad range of baccalaureate programs in both traditional arts and sciences and in applied professional fields, as well as selected professionally oriented graduate and doctoral programs. Student enrollment for the Fall 2012 semester totaled 21,960, including 17,988 undergraduate students and 3,972 graduate and doctoral students. TU's budget is funded by unrestricted revenues (such as tuition and fees), a State general fund appropriation, and restricted revenues (such as federal grants and contracts). According to the State's accounting records, TU's revenues for fiscal year 2012 totaled approximately \$406.6 million, including a State general fund appropriation of approximately \$86.2 million.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the eight findings contained in our preceding audit report dated December 18, 2009. We determined that TU satisfactorily addressed all of these findings.

Findings and Recommendations

Student Accounts Receivable

Finding 1

TU did not always take appropriate and timely action for students who paid for tuition and fees with bad checks.

Analysis

TU did not always take appropriate and timely action when students' payments were rejected by the bank due to insufficient funds (that is, payments were made with bad checks). According to TU's records, which we tested and deemed reasonable, there were 78 students who had submitted two or more bad checks totaling \$650,178 to pay for their related tuition and fee charges in two or more semesters between July 2009 and November 2011. Our test of 22 of these students, with bad checks totaling \$480,826, disclosed the following conditions:

- For 6 students who had written bad checks totaling \$213,000, TU did not properly use student account holds to prevent the students from registering in subsequent semesters and continuing to submit payment with bad checks. Rather, TU manually released existing holds from the student's accounts allowing the students to satisfy a prior semester's debt and register for subsequent semester classes. However, TU allowed the students to satisfy their debt with a personal check rather than with guaranteed funds (such as, a certified check), as required. The checks satisfying the prior debt and current semester debt were subsequently returned by the bank due to insufficient funds. In addition, TU did not take action to cancel the students' current semester classes, even though the student had not satisfied their financial obligations. These 6 students submitted a total of 24 bad checks over a period of 2 to 5 semesters between fall 2009 and spring 2012 and, as of May 2012, only 1 of the 6 students had fully satisfied their debt. As of May 2012, the remaining 5 students had outstanding debts of \$100,837, of which, \$79,615 had been referred to the State's Central Collection Unit.
- Similarly, holds were not maintained on the accounts for the remaining 16 students tested to identify them as having submitted a bad check. As a result, the students were allowed to pay for subsequent semester tuition and fees with personal checks that were again returned by the bank, rather than being required to use a guaranteed form of payment. The debts for these 16 students were ultimately satisfied.

According to TU's records, checks rejected by the bank due to insufficient funds related to student accounts receivable totaled approximately \$3.2 million during the period July 2009 to November 2011. TU's policy states that all financial obligations to the institution must be satisfied before a student is able to register for class. In addition, when the bank rejects a check, TU notifies the student that they have 10 days to satisfy the debt and that payment must be paid with guaranteed funds or their classes will be canceled.

Recommendation 1

We recommend that TU

- a. properly utilize system account hold features to ensure students that had previously attempted to satisfy their debt with a bad check pay subsequent debts with a guaranteed form of payment (such as a certified check), as required; and**
- b. take timely and appropriate action against students who are in arrears, including the cancellation of classes.**

Interagency Agreements

Finding 2

TU entered into an interagency agreement with another state agency that enabled that agency to circumvent State Procurement Regulations.

Analysis

TU's Division of Economic and Community Outreach (DECO) entered into an interagency agreement with a Maryland Department of Transportation (MDOT) modal agency that has enabled the agency to circumvent competitive procurement regulations to obtain certain contractual services. Although DECO was contracted to provide staff training services for the modal agency, the individuals used to perform the services were not independently hired by DECO. Rather, the modal agency identified the individuals and, in many cases, the annual agreements specified the names of these individuals who were to be employed by DECO to provide the services and the related costs for each. Furthermore, DECO performed no oversight and monitoring of the activities performed by these individuals even though the agreement required DECO to plan and carry out the staff training program. This arrangement began in July 2008 and the total contract costs, including the annual renewals through June 2012, were approximately \$4.3 million.

Our review disclosed that many of the individuals hired under the agreements had been associated with the modal agency. Our review of 25 of the 48 employees who had worked under this agreement during the four-year period disclosed that 19 of these employees had previously been employed by the modal agency or by a contractor that performed services for the modal agency. For example, 14 of these employees indicated on their DECO employment applications that they were prior or current employees of the modal agency. Additionally, for 15 of the aforementioned 19 employees the duties under the agreement were of a similar nature to those performed when the employees had been previously employed by or for the modal agency.

Furthermore, it appears that DECO did not exercise any substantive control over the activities of these employees. We were advised by DECO officials that the daily monitoring of these employees was performed by the modal agency. For example, the modal agency assigned specific tasks and ensured responsibilities defined in the agreement were performed. In this regard, DECO did not oversee the planning and development of the training program. The agreement indicated that certain of these employees were required to prepare and submit quarterly progress reports to DECO detailing their activities. However, DECO did not obtain or review these quarterly reports. Consequently, it appears that the extent of DECO's involvement under the agreement generally consisted of hiring the employees specified by the modal agency and paying their salaries. Although not specified in the agreement nor separately identified in its billings to the modal agency, we were advised by DECO management that the agreement costs included an administrative fee.

Since these services were obtained under an interagency agreement between government agencies, the modal agency was not required to use a competitive procurement process mandated by State Procurement Regulations for service procurements greater than \$25,000. We were advised by DECO that it was not its intent to be involved with an arrangement that circumvented procurement regulations. Nevertheless, given the fact that the modal agency controlled the selection, work duties and oversight of the individuals hired by DECO, and that DECO was not involved with planning and developing the training program as contained in the agreement, the arrangement should have been questioned. Furthermore, DECO's lack of involvement is inconsistent with its mission to provide a "bridge that links the highly qualified research and project talent of the University to the larger community it serves". In view of the foregoing, we believe the agreement, which was still in effect as of April 2013, should not be allowed to continue as arranged.

Recommendation 2

We recommend that TU

- a. discontinue providing the aforementioned services as arranged under the contract, and**
- b. avoid entering into such contract arrangements in future interagency agreements.**

Information Systems Security and Control

Background

TU's Office of Technology Services (OTS) provides information technology support to TU by developing and maintaining campus-wide administrative applications, such as the student administration system. OTS also operates an integrated administrative and academic computer network, which provides connections to multiple servers and critical network devices. The campus network includes separate email and file servers, connectivity to the Internet, and an extensive wireless network with access across the entire campus. TU also maintains a website that functions as an entry point to many of its services.

Finding 3

TU's malware protection program needs to be strengthened.

Analysis

TU's malware protection program for its computers needs to be strengthened. Specifically, we noted the following conditions:

- TU lacked assurance that malware protection software was installed on all TU workstations and servers. As of May 2012, TU's security software management tool identified 441 workstations/servers on the TU network that did not have malware protection software installed. The unprotected servers included all servers using a certain operating system, and we determined that six of these servers were critical web servers, with exposure to the Internet, and required robust up-to-date malware protection.
- According to the April 2012 security software management tool's report, there were 440 other workstations/servers that had not communicated with the management tool during the previous 14 days. According to a reference website, sponsored by the security software vendor, this could be indicative of a machine shutdown or malware software that was not properly installed. As a result of this condition, TU lacked assurance that the installed malware protection software was fully functional for these 440 workstations/servers.

OTS personnel advised us that they did not regularly review the security software management tool's report listing workstations/servers without malware protection software or that were not communicating with the management tool to identify and remediate these workstations/servers.

- We were advised by TU personnel that procedures did not exist to verify that up-to-date anti-virus software was installed on 608 faculty, staff, and lab workstations that utilized a certain operating system.

TU maintains an extensive network of workstations and servers which use various operating systems. These workstations and servers can be attacked by malicious software (malware) which can disrupt computer operation, gather sensitive information, or gain unauthorized access to these workstations/servers and their data. To maintain and monitor malware protection for these workstations and servers, TU uses a nationally-recognized security software management tool. According to this tool, as of May 2012 there were over 6,600 workstations and servers on the TU network.

The *USM Guidelines in Response to the State IT Security Policy*, state that standard virus protection programs must be installed, updated, and maintained on all microcomputers, local area network servers, and mail servers.

Recommendation 3

We recommend that TU

- a. perform regular, documented reviews of the security software management tool's reports to identify workstation/servers either without malware protection or with malware protection software that was not fully functional;**
- b. remediate workstations/servers without malware protection or with malware protection that was not fully functional as identified by the management tool; and**
- c. develop and implement procedures to regularly verify that the anti-virus software on its workstations/servers is up-to-date.**

Finding 4

Monitoring controls were not consistently applied to certain critical databases and applications.

Analysis

Monitoring controls were not consistently applied to certain critical databases and applications. Specifically, we noted that the device used by TU to aggregate security logs and generate security reports for the student administration and

financial systems' databases and applications experienced a hardware failure before April 24, 2012, became inoperable, and was returned to the vendor for repair. The device was returned to TU and installed on June 25, 2012. From the time this device became inoperable until it was returned to TU and placed into production, proper monitoring of the security of the aforementioned databases and applications did not exist, since TU had not developed backup procedures to ensure continual monitoring.

The University System of Maryland (USM) *Guidelines in Response to the State's IT Security Policy* require that each institution should maintain appropriate audit trails of events and actions related to critical applications and data, as required by state and federal laws/regulations.

Recommendation 4

We recommend that TU develop backup procedures to ensure that TU has continual capability to monitor the security and control over critical databases and applications.

Payroll

Finding 5

TU did not have adequate accountability and control over certain payroll functions.

Analysis

TU had not established adequate accountability and controls over certain payroll functions. Specifically, our review disclosed the following conditions:

- Our review of electronic timesheets submitted in fiscal year 2011 for all TU employees, which we tested and deemed reasonable, disclosed 12,189 timesheets that were not signed by the employee. In addition, although the automated timekeeping system indicated that these timesheets were approved by supervisory personnel, TU was unable to identify the supervisory personnel that approved 3,775 timesheets of those 12,189 timesheets. Consequently, there is a lack of assurance that work time reported and paid for was proper.
- Our review disclosed 26 employees could process changes to rates paid to contractual employees without those changes being subject to independent review and approval. In addition, TU did not generate output reports to identify rate changes to contractual employees. Such reports could be used by

TU to help review the propriety of rate changes. During the period of fiscal year 2009 through 2011, approximately 1,800 rate changes were processed by TU, according to system reports.

According to State records, fiscal year 2011 payroll expenditures totaled approximately \$151 million including \$29.5 million related to the contractual payroll. In fiscal year 2011, TU had 2,863 positions of which 923 were contractual positions.

Recommendation 5

We recommend that TU

- a. ensure timesheets are signed by employees,**
- b. maintain appropriate records of the individual who approves each timesheet to establish adequate accountability over timesheet approvals, and**
- c. ensure rate changes to contractual employees are subject to supervisory review and approval.**

Finding 6

TU did not ensure sabbatical leave work reports were submitted as required.

Analysis

TU did not ensure that faculty members submitted required work summary reports in support of authorized sabbatical leave in a timely manner. Our review of 14 faculty members who took authorized sabbatical leave during fiscal years 2009 through 2011 disclosed that, as of February 2012, the required reports had not been submitted by 9 of these employees. These 9 employees returned from sabbatical leave during the Spring 2009 to Spring 2011 semesters. Although the remaining five faculty members submitted reports, four of the reports were not submitted timely. The delays in submitting the reports ranged from 5 to 12 months after the required due date. As a result of not submitting the required report, TU had insufficient assurance that the proposed work was performed by the faculty member. The 9 employees who have not submitted the required report received salary payments totaling approximately \$332,700 during their sabbatical leave.

The USM *Policy on Sabbatical Leave* states that the primary purpose of sabbatical leave is to provide faculty members an opportunity to increase his or her contribution to the mission of the institution and enhance his or her standing in the related discipline or profession. According to the TU *Policy on Sabbatical Leave*, sabbatical leave may be granted for a one half-year period at full pay, or a full year period at one-half pay. The *Policy* also states that a faculty member

must file a summary report of sabbatical activities, and that the summary report is to be sent by the faculty member to their Department Dean and the Associate Provost within the academic year in which the employee returns from the sabbatical leave.

Recommendation 6

We recommend that TU

- a. establish monitoring procedures to ensure that required reports are submitted timely regarding the use of sabbatical leave, in compliance with the aforementioned TU *Policy*; and**
- b. take immediate action to obtain the post-sabbatical reports from the aforementioned employees.**

Audit Scope, Objectives, and Methodology

We have audited the University System of Maryland (USM) – Towson University (TU) for the period beginning February 9, 2009 and ending December 11, 2011. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine TU's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the findings contained in our preceding audit report.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. The areas addressed by the audit included purchases and disbursements, student accounts receivable, financial aid, cash receipts, payroll, and information technology systems. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of TU operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit did not include certain support services provided to TU by the USM Office. These support services (for example, bond financing) are included within the scope of our audit of the USM Office. In addition, our audit did not include an evaluation of internal controls for federal financial assistance programs and an assessment of TU's compliance with federal laws and regulations pertaining to those programs because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including the components of the USM.

TU's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect TU's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to TU that did not warrant inclusion in this report.

The USM Office's response, on behalf of TU, to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the USM Office regarding the results of our review of its response.

APPENDIX



UNIVERSITY SYSTEM OF MARYLAND OFFICE OF ADMINISTRATION AND FINANCE

June 11, 2013

Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, MD 21201

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University of Maryland,
Baltimore

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University of Maryland,
College Park

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Bowie State University

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Towson University

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University of Maryland
Eastern Shore

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Frostburg State University

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Coppin State University

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Salisbury University

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University of Baltimore

1925
University of Maryland
Center for Environmental
Science

1947
University of Maryland
University College

1966
University of Maryland,
Baltimore County

Re: University System of Maryland –
Towson University
Period of Audit: February 9, 2009 through
December 11, 2011

Dear Mr. Barnickel:

I have enclosed the University System of Maryland's responses to your draft report covering the examination of the accounts and records of Towson University. Our comments refer to the individual items in the report.

Sincerely,

A handwritten signature in black ink that reads "WE Kirwan".

William E. Kirwan
Chancellor

WEK:mk
Enclosures

cc:

Dr. Maravene S. Loeschke, TU
Mr. James L. Shea, Chair, Board of Regents
Mr. Anwer Hasan, Chairman, MHEC
Dr. Danette Howard, Secretary of Higher Education, MHEC
Mr. Robert Page, Associate Vice Chancellor for Finance, USM Office
Mr. David Mosca, Director of Internal Audit, USM Office

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
TOWSON UNIVERSITY
FEBRUARY 9, 2009 TO DECEMBER 11, 2011**

Student Accounts Receivable

Finding 1

TU did not always take appropriate and timely action for students who paid for tuition and fees with bad checks.

Recommendation 1

We recommend that TU

- a. properly utilize system account hold features to ensure students that had previously attempted to satisfy their debt with a bad check pay subsequent debts with a guaranteed form of payment (such as a certified check), as required; and
- b. take timely and appropriate action against students who are in arrears, including the cancellation of classes.

University response

We concur.

- a. TU will utilize the system account hold features to ensure students that had previously attempted to satisfy their debt with a bad check for a closed account or insufficient funds pay subsequent debts with a guaranteed form of payment. It should be noted that ACH/eCheck payments are sometimes returned due to the input errors by the paying party in the online payment portal. Exceptions to the hold policy for returned checks can be made under certain circumstances at the discretion of management. In these cases, students are notified by letter and email to resubmit a payment using correct bank routing and account numbers.
- b. Timely and appropriate action will be taken against students who are in arrears, including cancellation of classes. Effective November 2012, TU has taken corrective action by developing a revised business practice regarding student payments and bad checks. The 6 students sighted in the report that wrote bad checks were international students and were granted exceptions due to their international student status. The amount of their debt was transferred to Central Collection Unit, once the Bursar Collection Unit exhausted collection efforts. TU will longer allow exceptions to any student that writes bad checks.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
TOWSON UNIVERSITY
FEBRUARY 9, 2009 TO DECEMBER 11, 2011**

Interagency Agreements

Finding 2

TU entered into an interagency agreement with another state agency that enabled that agency to circumvent State Procurement Regulations.

Recommendation 2

We recommend that TU

- a. discontinue providing the aforementioned services as arranged under the contract, and**
- b. avoid entering into such contract arrangements in future interagency agreements.**

University response

We concur.

- a. Effective fiscal year 2013, the Division of Economic and Community Outreach (DECO) has implemented several monitoring and oversight procedures that are currently in place including establishment of a structured selection practice to ensure that job candidates possess the necessary skill and experience to conduct the duties necessary for the position. We have also established formal procedures for future recruitment purposes. DECO will continue to evaluate the interagency agreement on an annual basis to determine and implement additional monitoring and oversight controls as necessary.
- b. Under future interagency agreements of this nature, DECO will implement the formal recruitment process for employees hired under a sponsored contract and ensure that employee progress and outcomes are measured appropriately.

It should be noted that the interagency agreement between DECO and MTA was not intended to serve as a mechanism to circumvent procurement regulations. Per COMAR 21.02.03.02 C (7), State agencies shall first consider State resources to meet their requirements as an alternative to contracting.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
TOWSON UNIVERSITY
FEBRUARY 9, 2009 TO DECEMBER 11, 2011**

Information Systems Security and Control

Finding 3

TU's malware protection program needs to be strengthened.

Recommendation 3

We recommend that TU

- a. perform regular, documented reviews of the security software management tool's reports to identify workstation/servers either without malware protection or with malware protection software that was not fully functional;**
- b. remediate workstations/servers without malware protection or with malware protection that was not fully functional as identified by the management tool; and**
- c. develop and implement procedures to regularly verify that the anti-virus software on its workstations/servers is up-to-date.**

University response

The University concurs with the recommendations.

- a. The University has developed and implemented a procedure to regularly perform documented reviews and reporting and will continue to strengthen it over the next six months.
- b. The University has instituted a procedure to remediate workstation/servers without malware protection or with malware protection that was not fully functional which was identified by the management tool.
- c. The University will work to develop and implement a procedure to regularly verify that anti-virus software on workstations/servers is up-to-date. To meet this requirement the university needs to upgrade to the newest version of its malware protection software, which is scheduled to be completed by June 2014.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
TOWSON UNIVERSITY
FEBRUARY 9, 2009 TO DECEMBER 11, 2011**

Finding 4

Monitoring controls were not consistently applied to certain critical databases and applications.

Recommendation 4

We recommend that TU develop backup procedures to ensure that TU has continual capability to monitor the security and control over critical databases and applications.

University response

The University concurs with the recommendation and has taken steps to resolve this finding by establishing backup procedures to ensure that TU has continual capability to monitor the security and control over critical databases and applications.

Payroll

Finding 5

TU did not have adequate accountability and control over certain payroll functions.

Recommendation 5

We recommend that TU

- a. ensure timesheets are signed by employees,**
- b. maintain appropriate records of the individual who approves each timesheet to establish adequate accountability over timesheet approvals, and**
- c. ensure rate changes to contractual employees are subject to supervisory review and approval.**

University response

We agree.

- a. We are implementing procedures to ensure timesheets are signed by employees. These procedures include new employee training regarding timesheet completion with an emphasis on the importance of signing and submitting their timesheet prior to the due date/time. Periodic reminders

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
TOWSON UNIVERSITY
FEBRUARY 9, 2009 TO DECEMBER 11, 2011**

- regarding the timesheet signature requirements will be issued to all employees using various formats and compliance will be tracked and reported to management. Noncompliant departments will be contacted.
- b. The University does maintain a record of supervisory personnel for approvals. There is a set-up in place to enable the capture of timesheet approvals. However, in early 2012 we realized that the table that collects the approval information was not working properly. This glitch was fixed in March, 2012.
 - c. Pay rate changes will be reviewed and approved by supervisory personnel by comparison of rate change source documents to a PeopleSoft output report of rate change transactions.

Finding 6

TU did not ensure sabbatical leave work reports were submitted as required.

Recommendation 6

We recommend that TU

- a. establish monitoring procedures to ensure that required reports are submitted timely regarding the use of sabbatical leave, in compliance with the aforementioned TU Policy; and**
- b. take immediate action to obtain the post-sabbatical reports from the aforementioned employees.**

University response

We agree.

- a. Effective Fall 2012, TU implemented monitoring procedures to ensure that required sabbatical reports are submitted timely, in compliance with the aforementioned TU Policy. In addition, effective Fall 2012 TU has revised its policy regarding sabbatical leave to include a provision disallowing subsequent sabbatical leave if reports are not submitted.
- b. TU has obtained all but one of the sabbatical reports from the nine faculty members noted in the report. The faculty member with the outstanding report has retired.

AUDIT TEAM

William R. Smith, CPA

Audit Manager

Richard L. Carter, CISA

Stephen P. Jersey, CPA, CISA

Information Systems Audit Managers

David R. Fahnstock

Senior Auditor

Edwin L. Paul, CPA, CISA

Albert E. Schmidt, CPA

Information Systems Senior Auditors

Howard A. Marzolf, III, CPA, CFE

LaTeasa R. Robertson

Robert J. Smith

Staff Auditors

Eric Alexander, CPA

Christopher D. Jackson

Information Systems Staff Auditors