Audit Report

Maryland Longitudinal Data System Center

May 2019

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
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May 14, 2019

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate Shelly L. Hettleman, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland Longitudinal Data System Center for the period beginning January 1, 2015 and ending December 2, 2018. The Center is responsible for overseeing and maintaining the Maryland Longitudinal Data System, a Statewide data system that contains individual-level student and workforce data from all levels of education and the State's workforce. The Center is tasked with managing and analyzing these data to determine how students are performing and the extent to which students are prepared for higher education and the workforce.

Our audit did not disclose any findings that warrant mention in this report.

We wish to acknowledge the Center's efforts to satisfactorily address the three findings contained in our preceding audit report. We also wish to acknowledge the cooperation extended to us during the audit by the Center.

Respectfully submitted,

Gregory A. Hook

Gregory A. Hook, CPA
Legislative Auditor

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Background Information

Agency Responsibilities

The Maryland Longitudinal Data System Center is as an independent unit of State government under the direction of a 12-member governing board. The Center is responsible for overseeing and maintaining the Maryland Longitudinal Data System, a statewide data system that contains individual-level student and workforce data from all levels of education and the State's workforce. The Center is tasked with managing and analyzing these data to help determine how students are performing and the extent to which students are prepared for higher education and the workforce. The Center conducts research to improve the State's education system and to guide decision-making by State and local governments, educational agencies, institutions, teachers, and other educational professionals.

The Center obtains and analyzes data through collaboration with five State entities: Maryland State Department of Education; the Maryland Higher Education Commission; the Department of Labor, Licensing and Regulation; the School of Social Work at the University of Maryland, Baltimore; and the College of Education at the University of Maryland, College Park. As of November 16, 2018, the Center had collected data for school years 2008 through 2018, and was continuing to collect data for subsequent periods. According to the State's records, during fiscal year 2018 the Center had 12 authorized positions and expenditures totaling approximately $2.6 million.

Status of Finding From Preceding Audit Report

Our audit included a review to determine the status of the three findings contained in our preceding audit report dated February 26, 2016. We determined that the Center satisfactorily addressed these findings.

Findings and Recommendations

Our audit did not disclose any significant deficiencies in the design or operation of the Center's internal control. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations. Findings that did not warrant inclusion in this report were separately communicated to the Center.

A draft copy of this report was provided to the Center. Since there are no recommendations in this report, a written response was not necessary.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Longitudinal Data System Center for the period beginning January 1, 2015 and ending December 2, 2018. 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 the Center's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurement of interagency agreements with institutions of higher education and related disbursements, and information technology systems. We also determined the status of the findings included in our preceding audit report.

Our audit did not include certain support services provided to the Center by the Maryland State Department of Education (MSDE). These support services (such as payroll processing, purchasing, maintenance of accounting records, and related fiscal functions) are included within the scope of our audit of MSDE.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the Center's operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our objectives. The reliability of data used in this report for background or informational purposes was not assessed.

The Center'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.

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