

Audit Report

University System of Maryland University of Maryland, College Park

September 2022

Public Notice

In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted findings and related auditee responses from this public report.



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

Senator Clarence K. Lam, M.D. (Senate Chair)	Delegate Mark S. Chang (House Chair)
Senator Malcolm L. Augustine	Delegate Steven J. Arentz
Senator Adelaide C. Eckardt	Delegate Nicholas P. Charles II
Senator George C. Edwards	Delegate Andrea Fletcher Harrison
Senator Katie Fry Hester	Delegate Trent M. Kittleman
Senator Cheryl C. Kagan	Delegate Carol L. Krimm
Senator Benjamin F. Kramer	Delegate David Moon
Senator Cory V. McCray	Delegate Julie Palakovich Carr
Senator Justin D. Ready	Delegate Elizabeth G. Proctor
Senator Craig J. Zucker	Delegate Geraldine Valentino-Smith

To Obtain Further Information

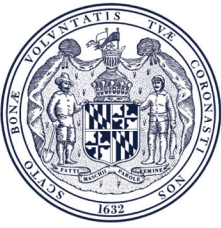
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, Maryland 21201
Phone: 410-946-5900
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
Website: www.ola.state.md.us

To Report Fraud

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

Nondiscrimination Statement

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

September 27, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Mark S. Chang, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – University of Maryland, College Park (UMCP) for the period beginning July 1, 2017 and ending December 31, 2020. UMCP is a comprehensive public institution of USM and operates under the jurisdiction of USM's Board of Regents. UMCP offers a broad range of baccalaureate, master's, and doctoral programs in the liberal arts and sciences and selected professional fields.

Our audit disclosed that UMCP did not ensure that all changes made to student residency status were subject to independent review. Ensuring that the proper residency status is assigned to each student is critical since the assigned status significantly impacts the amount of tuition charged to the student. Furthermore, our audit disclosed certain risks in UMCP's information systems. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted these findings from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3A-301(b), and using our professional judgment we have determined that the redacted findings fall under the referenced definition. The specifics of the cybersecurity findings were previously communicated to UMCP as well as those parties responsible for acting on our recommendations.

Our audit also disclosed that UMCP procured services from two companies owned by UMCP employees or their spouses, and could not document that certain procurements from these companies were competitively procured and the related deliverables were received. In addition, purchases from one of these companies may be a violation of State ethics laws. In addition, UMCP did not ensure that all employees terminated for improper activities were properly recorded in its personnel system and the Statewide listing of individuals banned from rehiring by the State. Finally, timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy.

USM's response to this audit, on behalf of UMCP, is included as an appendix to this report. We reviewed the response and noted agreement to our findings and related recommendations, and while there are other aspects of USM's response which will require further clarification, we do not anticipate that these will require the Joint Audit and Evaluation Committee's attention to resolve. Finally, we have edited USM's response to remove certain vendor names or products, as allowed by our policy. Consistent with the requirements of State law, we have redacted the elements of USM's response related to cybersecurity audit findings.

We wish to acknowledge the cooperation extended to us during the course of this audit by UMCP. We also wish to acknowledge USM's and UMCP's willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive, flowing style.

Gregory A. Hook, CPA
Legislative Auditor

Table of Contents

Background Information	4
Agency Responsibilities	4
Status of Findings From Preceding Audit Report	4
Findings and Recommendations	6
Student Accounts Receivable	
* Finding 1 – The University of Maryland, College Park (UMCP) did not ensure that all changes made to students’ residency status were subject to independent review.	6
Financial System Access	
Finding 2 – Redacted cybersecurity-related finding	7
Information Systems Security and Controls	
Finding 3 – Redacted cybersecurity-related finding	7
Finding 4 – Redacted cybersecurity-related finding	7
Questionable Transactions	
Finding 5 – UMCP procured services from two companies owned by UMCP employees or their respective spouses. In addition, UMCP could not document that certain procurements from these companies were competitively procured and the related deliverables were received.	7
Payroll	
Finding 6 – UMCP did not have a process to ensure all employees terminated for improper activities were properly recorded in the UMCP automated personnel system and the Statewide listing of banned employees to ensure they were not rehired.	10
* Finding 7 – Timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy.	11
Audit Scope, Objectives, and Methodology	13
Agency Response	Appendix
* Denotes item repeated in full or part from preceding audit report	

Background Information

Agency Responsibilities

The University of Maryland, College Park (UMCP) is a comprehensive research university for the State of Maryland and is the flagship institution of the University System of Maryland (USM). It offers baccalaureate, masters, and doctoral programs in the liberal arts and sciences and selected professional fields. For the Fall 2020 term enrollment totaled 40,709 students for all programs.

UMCP's budget is funded by unrestricted revenues, such as tuition and fees and a State general fund appropriation, and restricted revenues, such as federal grants and contracts. According to the State's accounting records, fiscal year 2020 revenues totaled approximately \$2.2 billion, including a State general fund appropriation of approximately \$535 million.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the seven findings contained in our preceding audit report dated October 11, 2018. As disclosed in Figure 1 on the following page, for the non-cybersecurity-related findings, we determined that UMCP satisfactory addressed four of these findings. The remaining two findings are repeated in this report.

Figure 1
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	The University of Maryland College Park (UMCP) had not established sufficient procedures to ensure adequate and timely follow-up on delinquent student accounts.	Not Repeated
Finding 2	UMCP did not establish independent reviews of changes made to students' residency status.	Repeated (Current Finding 1)
Finding 3	UMCP did not assess mandatory fees on faculty and staff receiving tuition remission benefits, although required by Board of Regents policy.	Not Repeated
Finding 4	UMCP had not developed a policy to guide and direct UMCP departments in using a sensitive data management software product and monitoring of UMCP departments was not performed to ensure the software product was being executed on all departmental computer resources.	Status redacted ¹
Finding 5	Controls over electronic timesheets for regular employees were not sufficient to ensure the validity of all time reported and payroll payments made.	Repeated (Current Finding 7)
Finding 6	UMCP did not establish adequate controls over financial aid award determinations.	Not Repeated
Finding 7	UMCP had not established adequate controls over dining services collections and did not ensure the accuracy of meal plan records.	Not Repeated

¹ Specific information on the current status of this cybersecurity-related finding has been redacted from this publicly available audit report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

Findings and Recommendations

Student Accounts Receivable

Finding 1

The University of Maryland, College Park (UMCP) did not ensure that all changes made to students' residency status were subject to independent review.

Analysis

Changes in student residency status were not always subject to an independent review because the employee responsible for performing the review of changes on a test basis also processed certain of the related changes. During the audit period, changes made by this employee accounted for approximately 18 percent of the approximately 5,700 changes processed. As a result, improper residency status changes could be recorded without being readily detected. Our testing of residency changes, including certain changes made by the aforementioned employee, did not disclose any unsupported changes.

Accurate student residency determinations are critical because of the significant differences between in-state and out-of-state student tuition rates. For example, the undergraduate tuition for Maryland residents was \$8,824 for the 2021 academic year, whereas the undergraduate tuition rate for out-of-state students was \$34,936. A similar condition regarding the lack of independent reviews of residency status were commented upon in our preceding audit report.

Recommendation 1

We recommend that UMCP ensure that an employee independent of the student residency change process performs a documented review of the propriety of these changes, at least on a test basis (repeat).

Financial System Access

We determined that Findings 2 through 4 related to “cybersecurity”, as defined by the State Finance and Procurement Article, Section 3A-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following findings, including the analysis, related recommendations, along with USM’s responses, have been redacted from this report copy.

Finding 2
Redacted cybersecurity-related finding.

Information Systems Security and Controls

Finding 3
Redacted cybersecurity-related finding.

Finding 4
Redacted cybersecurity-related finding.

Questionable Transactions

Finding 5
UMCP procured services from two companies owned by UMCP employees or their respective spouses. In addition, UMCP could not document that certain procurements from these companies were competitively procured and the related deliverables were received.

Analysis

UMCP procured services from two companies owned by UMCP employees or their respective spouses. In addition, UMCP could not document that certain procurements from these companies were competitively procured and the related deliverables were received. We performed a comparison of UMCP employees (regular and contractual) to UMCP vendors (from its disbursement files) based on match criteria identified by our professional judgment. From that match result, we selected five vendors for further review based on several risk factors, such as employment dates and total payments to the vendor. Our review disclosed

questionable relationships involving four employees (one contractual and three regular) and two vendors. The three other vendors did not present a potential conflict of interest or had relationships that had been approved in accordance with existing USM policies.

Audiovisual Services Obtained from a UMCP Contractual Employee's Company
UMCP could not provide documentation of competitive procurements for payments totaling \$540,700 made to a company owned by a UMCP contractual employee.² The company performed audiovisual equipment installations and maintenance and other miscellaneous services for UMCP since at least September 2011, and the employee had worked for UMCP on a part-time contractual basis since 2008. Our review disclosed that UMCP could not provide documentation that these services were competitively procured.³ In addition, UMCP could not provide us with signed contracts for preventive maintenance services obtained from the company valued at \$66,000 and could not provide documentation that the related services were received.

Although we did not identify any evidence that the contractual employee was directly involved in the procurement and monitoring processes, the employee worked for the department that awarded these procurements to the company. We consulted senior management personnel at the State Ethics Commission who advised us that unless formally designated as a public official by their employing State agency a contractual State employee is generally excluded from State ethics laws, which prohibits a regular State employee from having an interest in an entity that does business with the agency where the employee works.⁴

Consequently, the UMCP contractual employee's financial interest in or ownership of the company would not violate any provisions of State ethics laws. However, the lack of competitive procurement does violate USM's *Procurement Policies and Procedures*, which generally require competitive procurement for goods and services exceeding \$25,000. The *Procurement Policies and Procedures* further state that procurements exceeding \$25,000 may be awarded without competition if there is only one vendor that can satisfy the requirements and there is written justification documenting the conditions that preclude the use

² The \$540,700 was comprised of payments totaling \$347,400 made to the company from the beginning of our audit period on July 1, 2017, through June 30, 2021, and the balance of \$193,300 was paid to the company prior to our audit period.

³ Documentation for services obtained prior to July 2017, which was prior to the start of the current audit period, was previously destroyed in accordance with UMCP's document retention policies.

⁴ Contractual State employees designated as public officials by their employing agencies are subject to the financial disclosure and conflict of interest provisions in State ethics laws. Since the UMCP contractual employee did not have this designation, they would not be subject to these provisions of State ethics laws.

of a competitive procurement process. Although justification was prepared for some of these procurements making up the \$540,700 in payments, the justification prepared did not support the use of the sole source procurement method based on criteria in USM's *Procurement Policies and Procedures*.

Services Obtained from a Company owned by a UMCP Employee's Spouse

A UMCP employee awarded a \$45,000 contract to a company owned by the employee's spouse to provide consulting services under a research grant awarded to UMCP. In addition, two other UMCP employees that worked in the same UMCP department also worked on this contract as employees of the company. None of these three employees had disclosed their relationship with the company as required by USM policy. UMCP management, including individuals approving the grant and contract, advised us that they were not aware of these relationships until we brought it to their attention.

UMCP also could not provide us with documentation (such as timesheets) to support the propriety of amounts paid to the company or that related services were received. Since the UMCP employee whose spouse owned the company was responsible for monitoring work performed by the company and approval of the related invoices, there was a lack of independent assurance that the contract with this company was valid and the related payments were proper. Furthermore, we were unable to determine if there were overlapping hours worked by these two employees related to their contractual and UMCP work.

The aforementioned relationships could be a violation of USM policy and State ethics law. Although USM's *Policy on Conflicts of Interest in Research or Development* allows an employee to have a relationship with an entity engaged in research (which would otherwise be prohibited by State ethics laws), if the relationship is disclosed and approved by the applicable institution in accordance with the *Policy*, UMCP was unable to provide us with the required disclosure and approval. In addition, we consulted senior management personnel at the State Ethics Commission who advised us that the financial interest and employment relationships between these three UMCP employees and the company could potentially be a violation of several State ethics laws.

Recommendation 5

We recommend that UMCP

- a. competitively procure services in accordance with USM's *Procurement Policies and Procedures* and ensure formal written contracts are executed, as required;**

- b. ensure that contractually obligated services are provided and that invoices are supported with documentation to enable verification of amounts billed;**
- c. refer the potential violations of State ethics laws to the State Ethics Commission and take action to comply with any decisions that the Commission provides on these matters;⁵ and**
- d. consult with legal counsel and take appropriate legal action to recover amounts paid in which there was no evidence that the goods and services were received.**

Payroll

Finding 6

UMCP did not have a process to ensure all employees terminated for improper activities were properly recorded in the UMCP automated personnel system and the Statewide listing of banned employees to ensure they were not rehired.

Analysis

UMCP did not have a process to ensure all employees terminated for improper activities were properly recorded in the UMCP automated personnel system and the Statewide listing of banned employees to ensure they were not rehired. During our audit, UMCP advised us of three employees who were terminated due to questionable financial activity (such as improper use of a UMCP purchasing card). However, these employees were not recorded as “terminated with prejudice” on the UMCP personnel system nor added to the Statewide database used to prevent reemployment in State government, as required by USM policy. UMCP management agreed that these three employees should have been recorded as being “terminated with prejudice” on its automated personnel system and added to the Statewide database. Based on our review of State records, as of December 2021, the aforementioned three individuals were not employed elsewhere in the State.

According to UMCP records, during calendar year 2020, 1,340 non-student employees were terminated, none were recorded as “terminated with prejudice” in UMCP’s system and added to the Statewide database. As a result, these individuals could be rehired by State agencies.

⁵ Referral of a matter to the Commission does not mean that a violation took place. Any final decision as to whether violations of State ethics laws did or did not occur would ultimately be made by the Commission.

Recommendation 6

We recommend that UMCP

- a. establish procedures to ensure terminated employees who should be classified as “terminated with prejudice” are properly recorded as such in its records and in the Statewide database, and**
- b. consult with legal counsel and determine if the aforementioned three terminated employees can be retroactively recorded as “terminated with prejudice” on UMCP records and added to the Statewide database.**

Finding 7

Timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy.

Analysis

Timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy. UMCP utilized electronic timesheets requiring on-line signature and approval. Based on a report generated from UMCP’s payroll system⁶ for fiscal year 2020, there were 3,436 instances (related to 480 employees) of no employee signature and documented supervisory approval for the applicable pay period timesheets. This included 57 employees for whom there was no signed and approved timesheet for all 26 pay periods in the year (accounting for 1,482 instances).

UMCP’s *Policy on Procedures for Sick Leave and Positive Time Reporting by Faculty Members* requires faculty members to complete positive time reports and that those records be signed by the employees and their supervisors. In addition, Board of Regents’ *Policy on Work Schedules for Regular Non-Exempt and Exempt Staff Employees* requires that work days and leave hours be recorded for all exempt staff employees via a positive or exception based time keeping method, and that all nonexempt employees record all hours worked and leave hours on their timesheets.

According to the State’s records, UMCP’s payroll expenditures totaled approximately \$1.4 billion during fiscal year 2020 and there were 9,929 regular employees. A similar condition was commented upon in our preceding audit report.

⁶ We tested this report and found it to be reliable for our purposes.

Recommendation 7

We recommend that UMCP establish adequate monitoring procedures and controls to ensure that all timesheets are signed by the applicable employee and approved by appropriate supervisory personnel (repeat).

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – University of Maryland, College Park (UMCP) for the period beginning July 1, 2017 and ending December 31, 2020. 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 UMCP'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 procurements and disbursements, student accounts receivable, cash receipts, student financial aid, payroll, corporate purchasing cards, and construction. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to UMCP by the USM Office. These support services (such as 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 over compliance with federal laws and regulations for federal assistance programs and an assessment of UMCP's compliance with those laws and regulations 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.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of July 1, 2017 to December 31, 2020, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of UMCP operations. Generally,

transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in the finding, 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) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). 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 sources were sufficiently reliable for the purposes the data were used during this audit. We also extracted data from UMCP's financial system for the purpose of testing certain areas, such student accounts receivable. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

UMCP'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. As provided in Government Auditing Standards, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to UMCP, were considered by us during the course of this audit.

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 relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect UMCP'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 UMCP that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3A-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation”. Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to UMCP and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from the USM Office, on behalf of UMCP, to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. 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.

OFFICE OF ADMINISTRATION AND FINANCE

September 16, 2022

Mr. Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, MD 21201

Re: University System of Maryland – University of Maryland, College Park
Period of Audit: July 1, 2017 through December 31, 2020

Dear Mr. Hook,

Thank you for the work of your team and the recommendations you provided. I have enclosed the University System of Maryland's responses to your draft report covering the examination of the accounts and records of the University System of Maryland – University of Maryland, College Park. Our comments refer to the individual items in the report.

Sincerely,



Ellen Herbst
Senior Vice Chancellor for Administration and Finance

Enclosures

cc: Dr. Darryll J. Pines, President, University of Maryland, College Park
Ms. Linda R. Gooden, Chair, University System of Maryland Board of Regents
Dr. Jay A. Perman, Chancellor, University System of Maryland
Ms. Celeste Denson, Comptroller, USM Office
Mr. David Mosca, Vice Chancellor for Accountability, USM Office
Mr. Michael C. Eismeier, Assistant Vice Chancellor, Information Technology and Deputy Chief Information Officer, USM Office
Mr. Carlo Colella, Vice President, Administration and Finance, UMCP
Mr. Gregory Oler, Vice President for Finance and Chief Financial Officer, UMCP
Mr. Jeffrey Hollingsworth, Vice President of Information Technology and CIO, UMCP

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Student Accounts Receivable

Finding 1

The University of Maryland, College Park (UMCP) did not ensure that all changes made to students' residency status were subject to independent review.

We recommend that UMCP ensure that an employee independent of the student residency change process performs a documented review of the propriety of these changes, at least on a test basis (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 1	Agree	Estimated Completion Date:	February 2022
Please provide details of corrective action or explain disagreement.	The employee responsible for committee changes had to process regular residency changes temporarily due to staffing. The committee changes continued to be reviewed on a test basis, however, the regular residency changes were not subject to review. As of February 2022, the process developed in the previous audit has been reinstated. Regular and committee residency changes are reviewed on a test basis by an independent employee and this review is documented.		

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Financial System Access

The Office of Legislative Audits (OLA) has determined that Findings 2 through 4 related to “cybersecurity”, as defined by the State Finance and Procurement Article, Section 3A-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with State Government Article 2-1224(i). Although the specifics of the findings, including the analysis, related recommendations, along with USM’s responses, have been redacted from this report copy, USM’s responses indicated agreement with the findings and recommendations.

Finding 2
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

Information Systems Security and Controls

Finding 3
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

Finding 4
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Questionable Transactions

Finding 5

UMCP procured services from two companies owned by UMCP employees or their respective spouses. In addition, UMCP could not document that certain procurements from these companies were competitively procured and the related deliverables were received.

We recommend that UMCP

- a. competitively procure services in accordance with USM's *Procurement Policies and Procedures* and ensure formal written contracts are executed, as required;**
- b. ensure that contractually obligated services are provided and that invoices are supported with documentation to enable verification of amounts billed;**
- c. refer the potential violations of State ethics laws to the State Ethics Commission and take action to comply with any decisions that the Commission provides on these matters; and**
- d. consult with legal counsel and take appropriate legal action to recover amounts paid in which there was no evidence that the goods and services were received.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	N/A		
Recommendation 5a	Agree	Estimated Completion Date:	August 2022
Please provide details of corrective action or explain disagreement.	UMCP will ensure competitive procurements are initiated in accordance with policies, as required.		
Recommendation 5b	Agree	Estimated Completion Date:	August 2022
Please provide details of corrective action or explain disagreement.	Invoices shall contain detail that corresponds to the obligation as required by the contract. UMD will seek additional supporting documentation from the sub recipient or seek appropriate reimbursement if questions arise regarding pricing or deliverables.		
Recommendation 5c	Agree	Estimated Completion Date:	November 2022

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Please provide details of corrective action or explain disagreement.	For the contractual employee, OLA stated in its analysis that the SEC was consulted and contractual employees are not subject to the provisions of the State Ethics Law. For the regular employee, the University will disclose this relationship to the SEC and follow any guidance received.		
Recommendation 5d	Agree	Estimated Completion Date:	November 2022
Please provide details of corrective action or explain disagreement.	UMCP will seek advice from legal counsel regarding the items identified in the analysis.		

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Payroll

Finding 6

UMCP did not have a process to ensure all employees terminated for improper activities were properly recorded in the UMCP automated personnel system and the Statewide listing of banned employees to ensure they were not rehired.

We recommend that UMCP

- a. establish procedures to ensure terminated employees who should be classified as “terminated with prejudice” are properly recorded as such in its records and in the Statewide database, and**
- b. consult with legal counsel and determine if the aforementioned three terminated employees can be retroactively recorded as “terminated with prejudice” on UMCP records and added to the Statewide database.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	N/A		
Recommendation 6a	Agree	Estimated Completion Date:	June 2022
Please provide details of corrective action or explain disagreement.	UMCP will ensure that “termination with prejudice” is considered for employment actions that could be considered negligible.		
Recommendation 6b	Agree	Estimated Completion Date:	December 2022
Please provide details of corrective action or explain disagreement.	UMCP’s Office of General Counsel will consult with the Office of the Attorney General for a written opinion.		

**University System of Maryland
University of Maryland, College Park**

Agency Response Form

Finding 7

Timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy.

We recommend that UMCP establish adequate monitoring procedures and controls to ensure that all timesheets are signed by the applicable employee and approved by appropriate supervisory personnel (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	We agree that signing of timesheets is an ongoing issue; we have seen great improvements from last audit.		
	More than 50% of timesheet non-compliance comes from employment classes that do not earn leave and are governed by a separate employment contract.		
Recommendation 7	Agree	Estimated Completion Date:	July 2023
Please provide details of corrective action or explain disagreement.	The University is in the process of implementing a new human resource management system which will replace the current timekeeping system. All exempt employees (including faculty) will move to an exception based system.		

AUDIT TEAM

Michael J. Murdzak, CPA
Audit Manager

R. Brendan Coffey, CPA, CISA
Edwin L. Paul, CPA, CISA
Information Systems Audit Managers

J. Alexander Twigg
Senior Auditor

Eric Alexander, CPA, CISA
Edward O. Kendall, CISA
Information Systems Senior Auditors

Marina I. Bulatova
Adam D. Dean
Jordan T. Duke, CFE
Andrew W. Mills
Stacey D. Streett
Staff Auditors

Vickey K. Micah
Charles O. Price
Malcolm J. Woodard
Information Systems Staff Auditors