

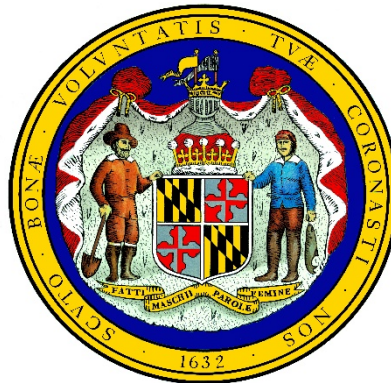
Audit Report

**University System of Maryland
University of Baltimore**

September 2025

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 cybersecurity findings and related auditee responses from this public report.



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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY**

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

September 3, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, 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 Baltimore (UBalt) for the period beginning November 16, 2020 and ending September 15, 2024. UBalt is an urban public institution offering a career-oriented education at the bachelor's, master's, and professional levels, with degree programs in law, business, and liberal arts with an emphasis on applied and professional degrees.

Our audit disclosed that UBalt did not review student accounts with a “pending payment” status. As of October 1, 2024, there were 83 accounts with unpaid balances for prior semesters totaling approximately \$159,500 that had pending payment designations including certain accounts we determined should not have been in pending status and had been improperly allowed to register for classes contrary to USM policy. In addition, we noted that six employees could release holds placed on unpaid student accounts without independent supervisory review and approval. These holds prevented a student from registering for classes. These conditions were noted but not sufficiently corrected from our prior audit.

Our audit also disclosed UBalt did not independently review changes made to student residency status to ensure the change was proper and supported. During fiscal years 2023 and 2024, UBalt made 1,369 student residency changes, including 885 changes from out-of-state to in-state. Accurate determinations are critical because of the significant differences between in-state and out-of-state student tuition rates. For example, the 2024 academic year full-time

undergraduate tuition for Maryland residents was \$7,442 compared to \$21,160 for out-of-state students. Finally, we noted certain control deficiencies related to leave adjustments and cash receipts. The condition related to leave adjustments was noted in our prior report but not corrected.

Furthermore, our audit disclosed cybersecurity-related findings. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the 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 3.5-301(b), and using our professional judgment we have determined that the redacted findings fall under the referenced definition. The specifics of these cybersecurity findings were previously communicated to those parties responsible for acting on our recommendations.

The USM’s response to this audit, on behalf of UBalt, is included as an appendix to this report. Consistent with State law, we have redacted the elements of USM’s response related to the cybersecurity audit findings. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all issues.

We wish to acknowledge the cooperation extended to us during the audit by UBalt.

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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Background Information

Agency Responsibilities

The University of Baltimore (UBalt) is a public institution of the University System of Maryland (USM) and operates under the jurisdiction of the System's Board of Regents. UBalt is an urban university offering a career-oriented education at the bachelor's, master's, and professional levels, with degree programs in law, business, and liberal arts with an emphasis on applied and professional degrees.

UBalt has had a significant decrease in enrollment during the audit period. According to USM records, student enrollment for the fall 2024 semester totaled 3,232, including 1,477 undergraduate students and 1,755 graduate students. This is significantly lower than our last audit during which we noted that student enrollment for the fall 2020 semester totaled 4,169, including 1,899 undergraduate students and 2,270 graduate students

UBalt's budget is funded by unrestricted revenues, such as tuition and student fees; a State general fund appropriation; and restricted revenues, such as federal grants and contracts. According to the State's records, fiscal year 2024 revenues totaled approximately \$147.9 million (which included a State general fund appropriation of \$58.2 million) and expenditures totaled approximately \$147.9 million (see Figure 1).

Figure 1
UBalt Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2024	
	Positions
Filled	611
Vacant	40
Total	651
Fiscal Year 2024 Expenditures	
	Expenditures
Salaries, Wages, and Fringe Benefits	\$ 84,590,870
Technical and Special Fees	9,452,688
Operating Expenses	53,941,686
Total	\$147,985,244
Fiscal Year 2024 Funding Sources	
	Funding
<u>Unrestricted</u>	
General Fund	\$ 58,233,492
Tuition and Fees	47,130,369
Other University Revenues	10,836,399
	116,200,260
<u>Restricted</u>	
Federal Grants and Contracts	\$ 13,924,395
Other Gifts, Grants and Contracts	17,860,589
	31,784,984
Total	\$147,985,244

Source: State financial records and UBalt personnel records

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 December 3, 2021. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	Finding Description	Implementation Status
Finding 1	The University of Baltimore (UBalt) did not require or obtain a sufficient independent review of the automated system used by its vendor responsible for collecting student online payments, to ensure that sensitive student information residing on the system was properly safeguarded.	Status Redacted ¹
Finding 2	UBalt did not adequately verify student financial aid application data and adjustments made to student cost of attendance budgets.	Not repeated
Finding 3	UBalt did not adequately monitor changes to unpaid student accounts to allow, deny, or defer critical activity, such as registering for classes, receiving transcripts, or submitting unpaid accounts to the State's Central Collection Unit.	Repeated (Current Finding 3)
Finding 4	UBalt did not have procedures for ensuring that access to perform certain critical functions on its financial management systems was adequately restricted and controlled.	Status Redacted ¹
Finding 5	Remote access to the internal UBalt network by employees and authorized contractors used a single authentication measure rather than the more secure multi-factor authentication.	Status Redacted ¹
Finding 6	UBalt obtained travel-related services totaling \$59,767 from a company operated by a UBalt employee when these services were available from existing vendors. In addition, UBalt did not have a detailed written contract for certain of the services, and did not obtain support for all amounts paid to the company, certain of which appeared questionable.	Not repeated
Finding 7	Supervisory reviews of adjustments to leave balances were not performed.	Repeated (Current Finding 5)

¹ Specific information on the current status of this cybersecurity-related finding has been redacted from the publicly available report in accordance with State Government Article, Section 2-1244(i) of the Annotated Code of Maryland.

Findings and Recommendations

Information Systems Security and Control

We determined that the Information Systems Security and Control section, including Findings 1 and 2 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(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 1
Redacted cybersecurity-related finding.

Finding 2
Redacted cybersecurity-related finding.

Student Accounts Receivable

Finding 3
UBalt did not review student accounts placed in pending payment status and did not restrict the ability to remove holds on student accounts. As a result, students with outstanding balances may have been improperly allowed to register for classes contrary to USM policy.

Analysis

UBalt did not review student accounts placed in pending payment status and did not restrict the ability to remove holds on student accounts. As a result, students with outstanding balances may have been improperly allowed to register for classes contrary to USM policy. As of October 1, 2024, UBalt’s student accounts receivable balance for prior semesters totaled \$611,000.

- UBalt had no procedure to periodically review “pending payment” designations added to student accounts. This designation is placed on a student’s unpaid account when receipt of financial aid from a third party is expected, but not yet received, and enables the student to register for classes. UBalt did not periodically determine if the ongoing designation was still

justified, and if the expected payment had been received. As of October 1, 2024, there were 83 accounts with unpaid balances for prior semesters totaling approximately \$159,500 that had pending payment designations.

Our test of 15 accounts² totaling \$71,339 with “pending payment” designations disclosed that for 8 accounts that were outstanding for 5.3 to 13.3 months, the respective students were allowed to register for up to six additional semesters even though a total of \$34,852 from the original amounts due remained unpaid.

- As of December 2024, six employees could release holds placed on unpaid student accounts without independent supervisory review and approval. An account hold prohibits subsequent transactions, such as registering for classes. According to UBalt records, there were approximately 28,000 account holds that were released during our audit period, including 2,535 that were processed by five of the aforementioned six employees.

The USM Board of Regents’ *Policy on Payment of Tuition and Fees* states that tuition and fees are due and payable in full by the stipulated due date unless the student is covered by a specific exemption (such as pending financial aid). The *Policy* further requires that appropriate administrative action (such as barring class attendance) be initiated if timely payment is not received.

Similar conditions were commented upon in our preceding audit report. In response to that report, UBalt indicated that by November 2021, it would develop procedures and perform a semi-annual review of pending student account payment designations, review all persons with the ability to remove financial holds, and develop an independent documented supervisory review and approval for removal of financial holds. Although UBalt implemented a process to generate and review a new aging report, it did not identify accounts with a pending status.

Recommendation 3

We recommend that UBalt

- a. establish procedures to regularly review the propriety of pending payment designations placed on student accounts, and remove designations that can no longer be justified (repeat); and**
- b. ensure that all holds removed from student accounts are subject to independent supervisory review and approval (repeat).**

² These test items were selected based on materiality.

Finding 4

UBalt did not independently review changes made to student residency status to ensure the change was proper and supported.

Analysis

UBalt did not independently review changes made to student residency status to ensure the change was proper and supported. During fiscal years 2023 and 2024, 11 UBalt employees made 1,369 student residency changes, including 885 changes from out-of-state to in-state. Our test of 8 arbitrarily selected residency status changes during fiscal years 2023 and 2024 disclosed that although all changes were supported and authorized, none were reviewed for propriety.

Accurate determinations are critical because of the significant differences between in-state and out-of-state student tuition rates. For example, the 2024 academic year full-time undergraduate tuition for Maryland residents was \$7,442 compared to \$21,160 for out-of-state students.

Recommendation 4

We recommend that UBalt conduct documented independent supervisory reviews of residency status changes, at least on a test basis.

Payroll**Finding 5**

UBalt did not use available system output reports of leave adjustments to ensure that adjustments were proper and subject to independent supervisory review.

Analysis

UBalt did not use available system output reports of leave adjustments to ensure that adjustments were proper and subject to independent supervisory review. According to system output reports for the period November 16, 2020 to September 15, 2024, UBalt processed 637 leave adjustments that increased employee leave balances by 38,764 hours, and 404 leave adjustments that decreased employee leave balances by 49,527 hours.

We reviewed 7 of these leave adjustments³ that increased leave balances by approximately 3,325 hours valued at approximately \$146,758. While these leave

³ These items were selected based on materiality and the timing subsequent to the implementation of a new leave information system.

adjustments seemed appropriate under the circumstances, there was no documented supervisory review of the adjustments to ensure they were accurate and properly supported.

A similar condition was noted in our preceding audit report. In response to that report, UBalt agreed that by December 2021, it would document an independent review of leave adjustments. While our review noted that UBalt implemented a process to independently review leave adjustments, available system output reports were not utilized to ensure that all leave adjustments were subject to review. In addition, the reviews were only performed during the period of January 2023 through June 2024, and subsequently discontinued. We were advised that UBalt discontinued these reviews because UBalt believed that adequate controls were in place when it changed its leave information system in July 2024. However, based on our review, these controls were not in place.

Recommendation 5

We recommend that UBalt use available system output reports to ensure that leave adjustments processed are reviewed for propriety by independent supervisory personnel and that this review be documented (repeat).

Cash Receipts

Finding 6

UBalt did not restrictively endorse and record certain collections upon receipt and did not always deposit collections timely.

Analysis

UBalt did not restrictively endorse and record certain collections upon receipt and did not always deposit collections timely. The UBalt departments initially receive collections (such as, for various fees) and then transfers these collections to the Office of the Bursar for subsequent deposit. According to UBalt's records, cash and check deposits during our audit period totaled \$18 million of which \$11 million was initially collected by UBalt departments. We reviewed procedures and controls over the processing of collections and deposits, which are handled by the Office of the Bursar. We also tested collections deposited on 15 arbitrarily selected days by the Office of the Bursar between January 2023 and September 2024 totaling approximately \$3.5 million (of which \$3.3 million was initially received by UBalt departments).

- Collections received by UBalt departments were not restrictively endorsed and recorded immediately upon receipt to establish accountability over the

funds. Rather, these collections were endorsed and recorded after they were transferred to the Office of the Bursar.

- Collections received at UBalt departments for 9 days totaling approximately \$2.2 million were deposited by the Office of the Bursar from 3 to 21 days after receipt. Additionally, collections received directly by the Office of the Bursar on 7 of the aforementioned 9 days totaling \$69,000 were deposited 5 days after receipt.

The Comptroller of Maryland's *Accounting Policy and Procedures Manual* requires the establishment of sufficient internal controls over collections, including restrictive endorsement and recordation of collections upon receipt, and timely deposit.

Recommendation 6

We recommend that UBalt

- a. record and restrictively endorse checks immediately upon receipt, and**
- b. deposit all collections in a timely manner.**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the University System of Maryland (USM) - University of Baltimore (UBalt) for the period beginning November 16, 2020 and ending September 15, 2024. 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 UBalt'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, sponsored research, and information systems security and control. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to UBalt by the USM Office, such as bond financing. These support services 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 UBalt'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 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 November 16, 2020 to September 15, 2024, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions,

and to the extent practicable, observations of UBalt's 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 a finding, the results from any tests conducted or disclosed by us 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). 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 UBalt's financial systems for the purpose of testing certain areas, such as financial aid, student accounts receivable, and payroll. 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.

UBalt'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 UBalt, 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 UBalt'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, and regulations. Other less significant findings were communicated to UBalt 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 3.5-301(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 UBalt and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from USM Office, on behalf of UBalt, 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

August 30, 2025

Mr. Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

Re: University System of Maryland – University of Baltimore
Period of Audit: November 16, 2020 through September 15, 2024

Dear Mr. Tanen,

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 Baltimore. Our comments refer to the individual items in the report.

Sincerely,



Ellen Herbst
Senior Vice Chancellor for Administration and Finance

Enclosures

cc: Mr. Kurt L. Schmoke, J.D., President, UBalt
Ms. Linda R. Gooden, Chair, University System of Maryland Board of Regents
Mr. Charles T. McMillen, University System of Maryland Board of Regents
Dr. Jay A. Perman, Chancellor, University System of Maryland
Ms. Celeste Denson, Associate Vice Chancellor for Financial Affairs, USM Office
Mr. David Mosca, Vice Chancellor for Accountability, USM Office
Mr. Michael C. Eismeier, Associate Vice Chancellor and CIO, USM Office
Ms. Samantha Norris, Director, Financial Planning and Analysis, USM Office
Ms. Barbara Aughenbaugh, CFO & VP Business Affairs, UBalt

University System of Maryland University of Baltimore

Agency Response Form

Information Systems Security and Control

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Findings 1 and 2 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(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). Although the specifics of the following 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 related recommendations.

Finding 1
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

Finding 2
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

**University System of Maryland
University of Baltimore**

Agency Response Form

Student Accounts Receivable

Finding 3
UBalt did not review student accounts placed in pending payment status and did not restrict the ability to remove holds on student accounts. As a result, students with outstanding balances may have been improperly allowed to register for classes contrary to USM policy.

We recommend that UBalt

- a. establish procedures to regularly review the propriety of pending payment designations placed on student accounts, and remove designations that can no longer be justified (repeat); and**
- b. ensure that all holds removed from student accounts are subject to independent supervisory review and approval (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3a	Agree	Estimated Completion Date:	2/1/26
Please provide details of corrective action or explain disagreement.	We will implement a procedure to generate a quarterly report identifying all accounts with pending payment designations. This report will be used to conduct a formal review to confirm that each designation remains valid and to promptly remove those that are no longer justified.		
Recommendation 3b	Agree	Estimated Completion Date:	2/1/26
Please provide details of corrective action or explain disagreement.	The Bursar, or an appointed designee, will conduct an independent supervisory review and provide approval for all financial holds removed from student accounts.		

**University System of Maryland
University of Baltimore**

Agency Response Form

Finding 4

UBalt did not independently review changes made to student residency status to ensure the change was proper and supported.

We recommend that UBalt conduct documented independent supervisory reviews of residency status changes, at least on a test basis.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4	Agree	Estimated Completion Date:	10/1/25
Please provide details of corrective action or explain disagreement.	The Office of Admission will pull monthly samples (~10/month) of residency changes from out-of-state to in-state. The samples will be reviewed by the Director of Admission or designee to verify accuracy of the change.		

**University System of Maryland
University of Baltimore**

Agency Response Form

Payroll

Finding 5
UBalt did not use available system output reports of leave adjustments to ensure that adjustments were proper and subject to independent supervisory review.

We recommend that UBalt use available system output reports to ensure that leave adjustments processed are reviewed for propriety by independent supervisory personnel and that this review be documented (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 5	Agree	Estimated Completion Date:	10/1/25
Please provide details of corrective action or explain disagreement.	The Office of Human Resources will develop a process to review leave adjustments by independent supervisory personnel, and this review will be documented. This process will utilize available system reports to ensure accuracy and propriety of all leave adjustments.		

**University System of Maryland
University of Baltimore**

Agency Response Form

Cash Receipts

Finding 6
UBalt did not restrictively endorse and record certain collections upon receipt and did not always deposit collections timely.

We recommend that UBalt

- a. record and restrictively endorse checks immediately upon receipt, and**
- b. deposit all collections in a timely manner.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 6a	Agree	Estimated Completion Date:	2/1/26
Please provide details of corrective action or explain disagreement.	We will implement the use of a bank lockbox to have checks directly deposited into the account, reducing handling risks. Departments will be provided with deposit stamps to restrictively endorse checks immediately upon receipt.		
Recommendation 6b	Agree	Estimated Completion Date:	2/1/26
Please provide details of corrective action or explain disagreement.	We will ensure that all collections are deposited in a timely manner by implementing bank lockbox services and check scanning technology, which will facilitate immediate electronic deposits directly into the bank account.		

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