

Audit Report

St. Mary's College of Maryland

July 2020



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 Carol L. Krimm (House Chair)
Senator Malcolm L. Augustine	Delegate Steven J. Arentz
Senator Adelaide C. Eckardt	Delegate Mark S. Chang
Senator George C. Edwards	Delegate Andrea Fletcher Harrison
Senator Katie Fry Hester	Delegate Keith E. Haynes
Senator Cheryl C. Kagan	Delegate Michael A. Jackson
Senator Benjamin F. Kramer	Delegate David Moon
Senator Cory V. McCray	Delegate April R. Rose
Senator Justin D. Ready	Delegate Geraldine Valentino-Smith
Senator Craig J. Zucker	Delegate Karen Lewis Young

To Obtain Further Information

Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900 · 1-877-486-9964 (Toll Free in Maryland)
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLASWebmaster@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

July 14, 2020

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Carol L. Krimm, 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 St. Mary's College of Maryland (the College) for the period beginning August 24, 2015 and ending August 25, 2019. The College is a public, liberal arts honors college that offers undergraduate and graduate degree programs in various disciplines. The College is governed by a Board of Trustees as authorized by the Education Article, Title 14, Subtitle 4 of the Annotated Code of Maryland.

Our audit disclosed the College did not accurately report the cost of its Enterprise Resource Planning System contract to the Board of Public Works and lacked documentation to support critical changes to the contract terms. Our audit also disclosed that the College did not ensure the propriety of labor charges billed by its food services vendor by routinely obtaining cost documentation that was the basis for payments which totaled \$2.1 million during fiscal year 2019.

We also noted that collections were not always safeguarded, deposited timely, or verified to subsequent deposit; and certain collection duties were not segregated. During fiscal year 2019 collections totaled approximately \$22.7 million. Additionally, our audit disclosed that changes to student residency status recorded in the College's automated records were not always supported or subject to independent review and approval.

Furthermore, the College maintained a significant computer application which contained sensitive personally identifiable information without adequate safeguards and broadly granted non-information technology employees elevated

system privileges on their computer workstations, increasing malware security risk.

Finally, our audit included a review to determine the status of the five findings contained in our preceding audit report. We determined the College satisfactorily addressed four of the five findings. The remaining finding is repeated in this report.

The College's response to this audit is included as an appendix to this report. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues. In accordance with our policy, we have redacted any vendor names or products mentioned by the College in this document.

We wish to acknowledge the cooperation extended to us during the audit by the College and its 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	5
Agency Responsibilities	5
Status of Findings From Preceding Audit Report	5
Findings and Recommendations	7
Enterprise Resource Planning System Contract	
Finding 1 – The College did not accurately report the cost of its Enterprise Resource Planning System contract to the Board of Public Works, and lacked documentation to support critical elements of and changes to the contract terms.	7
Food Services Contract	
* Finding 2 – The College did not ensure the propriety of labor charges billed by its food services vendor, which totaled \$2.1 million in fiscal year 2019.	9
Cash Receipts	
Finding 3 – Collections were not always safeguarded, deposited timely, or verified to subsequent deposit; and certain collection duties were not segregated as required.	10
Student Residency	
Finding 4 – Changes to student residency to in-state status recorded in the College’s automated records were not subject to independent review and approval, and were not always supported.	11
Information Systems Security and Control	
Finding 5 – The College maintained a significant computer application which contained sensitive personally identifiable information, without adequate safeguards.	12
Finding 6 – The College broadly granted non-information technology employees local administrative rights on their computer workstations, increasing malware security risk.	13
* Denotes item repeated in full or part from preceding audit report	

Audit Scope, Objectives, and Methodology

15

Agency Response

Appendix

Background Information

Agency Responsibilities

St. Mary's College of Maryland (the College) is a public, liberal arts honors college that offers undergraduate degree programs in various disciplines and a graduate degree in Masters of Arts in Teaching. The College is governed by a Board of Trustees as authorized by the Education Article, Title 14, Subtitle 4 of the Annotated Code of Maryland. This law provides the Board with broad authority in managing the affairs of the College, and specifies that the Board may not be superseded in its authority by any State agency or office except as expressly provided in law. Furthermore, the law provides for the College to receive State general funds in the form of an annual grant.

According to the State's records, fiscal year 2019 revenues totaled approximately \$70.8 million, which included a State general fund appropriation of approximately \$23.3 million. According to the College's records, student enrollment for the Fall 2019 semester totaled 1,513.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the five findings contained in our preceding audit report dated August 17, 2016. As disclosed in the table on the following page, we determined that the College satisfactorily addressed four of the five findings. The remaining finding is repeated in this report.

Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	Sensitive personally identifiable information applicable to 117,194 unique individuals was not appropriately safeguarded.	Not repeated
Finding 2	The College's computers were not adequately secured from malware and the College lacked assurance that malware protection software was fully operational.	Not repeated
Finding 3	Certain database security events were not monitored, and documentation supporting independent reviews of direct changes to critical tables did not exist.	Not repeated
Finding 4	The College did not ensure the propriety of amounts invoiced by its food services vendor which totaled \$4.2 million during calendar year 2015.	Repeated (Current Finding 2)
Finding 5	The College did not independently review accumulated leave payout calculations, resulting in an overpayment of approximately \$10,000 for one individual retiring from State service.	Not repeated

Findings and Recommendations

Enterprise Resource Planning System Contract

Finding 1

The College did not accurately report the cost of its Enterprise Resource Planning System contract to the Board of Public Works, and lacked documentation to support critical elements of and changes to the contract terms.

Analysis

The College did not accurately report the cost of its Enterprise Resource Planning System (ERP) contract to the Board of Public Works (BPW), and lacked documentation to support critical elements of and changes to the contract terms. In October 2018, the College awarded a contract to replace its legacy financial system with a comprehensive cloud-based enterprise resource planning system that would include functions to manage its admissions, academic, financial (such as student accounts receivable and financial aid), and human resource activities. The contract provided for project management and implementation of the various modules, integration of data and other systems, consultation services, and housing and support/maintenance of the necessary software.

As of August 2019, the College paid the vendor approximately \$668,000, including required advance payments of \$409,624 and software subscription costs of \$22,954 per month. Since the payments to date were limited to those stipulated in the contract and not reflective of actual services being provided (for example, implementation of system components), we limited our review to the College's procurement of this contract.

Contract Costs Were Not Accurately Reported to the BPW

The College reported to the BPW, as part of the contract approval process, that the cost of the initial contract term of five years was \$2,414,752 when the related contract procurement documents reflected costs totaling \$3,488,460. The College could not readily explain the difference in the amount reported from the actual procurement documentation. Furthermore, the College could not provide a copy of the winning vendor's best and final offer to support the costs reflected in the contract.

Lack of Documentation Supporting Changes in Contract and Cost Ceiling

The College could not document its justification for changing the terms of the contract during the procurement from exclusively fixed cost to a contract with time and materials and fixed cost components. Although the College's policies

and procedures stipulate that that a fixed price contract is ordinarily in the best interest of the College, and that a time and materials contract may be used only if the College's procurement officer determines that no other contract type is available, there was no such procurement officer determination on file in this case. In addition, the contract did not include a maximum or ceiling price that the contractor exceeds at its own risk as required by those policies and procedures for time and materials contracts. Rather, the contract only required the College to approve costs in excess of 10 percent of the estimated cost without obligating the vendor to absorb any additional costs.

Termination Clause Was Not Consistent with Request for Proposals (RFP)

The College excluded certain aspects of the termination for convenience clause from the final contract, which were included in the initial RFP. Specifically, the RFP provided that the College could terminate the contract at any time while paying only costs incurred by the contractor to date and reasonable termination costs. However, under the actual contract termination for convenience clause, the College would also be obligated to pay the required monthly software subscription costs of \$22,954 for the entire five-year term of the contract, and surrender the right to recover certain required advance payments totaling \$409,624. College management could not readily explain why the termination for convenience clause was modified from the language included in the RFP.

Recommendation 1

We recommend that the College

- a. ensure that complete contract costs, including the costs related to the contract noted in our finding, are accurately reported to the BPW, and maintain adequate documentation, including vendor submitted documentation, supporting reported costs;**
- b. as required by its procurement policies and procedures, prepare documented determinations justifying the use of time and material contracts, and ensure that such contracts clearly include a ceiling price that the contractor exceeds at its own risk; and**
- c. maintain adequate documentation to justify significant differences, such as with the use of termination for convenience clauses, between the RFP and the final contract.**

Food Services Contract

Finding 2

The College did not ensure the propriety of labor charges billed by its food services vendor, which totaled \$2.1 million in fiscal year 2019.

Analysis

The College did not ensure the propriety of labor charges billed by its food services vendor that operated its dining services facilities. The food services contract provided for the College to reimburse the vendor for certain costs incurred (primarily labor costs and the cost of goods sold such as food and beverages) that exceeded the revenue collected directly by the vendor (such as from catered services). During fiscal year 2019, the vendor invoiced the College approximately \$4.5 million, of which \$2.1 million represented labor charges.

Our review disclosed that the College did not routinely obtain and review detailed documentation, such as payroll reports, to support labor charges billed by the vendor. Rather, the College's review of labor costs was generally limited to ensuring that the amounts invoiced were within the contractor's approved annual budget. Although this provided assurance that the contract amount was not exceeded, there was a lack of assurance that the labor amounts invoiced by the vendor and paid by the College were proper.

In July 2013, the College entered into a two-year contract with its incumbent vendor, which was subsequently extended for all five one-year renewal options, for a total contract value of \$31.2 million. The failure to adequately verify invoiced costs was commented upon in our two preceding audit reports. In response to our preceding audit report, the College implemented procedures to verify invoiced costs relating to the cost of goods sold. However, procedures to verify the direct labor component of invoiced costs had not been put in place.

Recommendation 2

We recommend that the College ensure that labor charges billed by the food services contractor are adequately supported and verified (repeat).

Cash Receipts

Finding 3

Collections were not always safeguarded, deposited timely, or verified to subsequent deposit; and certain collection duties were not segregated as required.

Analysis

The College did not establish adequate controls over its collections, which according to State accounting records, totaled approximately \$22.7 million during fiscal year 2019. Our test of 15 deposits made between September 2018 and August 2019 totaling approximately \$13.3 million disclosed the following conditions:

- Collections were not always deposited timely nor adequately safeguarded prior to deposit. Our testing disclosed that 9 deposits totaling approximately \$4.7 million were deposited 3 to 5 business days after receipt. The delays occurred because the Public Safety Office, which was responsible for picking up the deposits from the cashier and taking them to the bank, did not always pick up collections on a daily basis or deposit the collections on the same day as pick up. Furthermore, collections were left unsecured on a desk within the Office until taken for deposit.
- Daily verifications of recorded collections to deposit were not performed for 12 of the 15 deposits tested. At the time of our review in September 2019, daily verifications were not being performed because, according to the College, the employee responsible for this function left the College's employ in June 2019 and management had not assigned the duty to another employee. However, although 6 of the 12 deposits were made prior to the departure of the aforementioned employee, there was no documentation of a deposit verification being performed for 2 of the 6 deposits totaling approximately \$1.4 million.
- Three employees with access to collections could also process non-cash credits to student account receivable records. Furthermore, there was no procedure to ensure that all non-cash credits recorded had been independently reviewed and approved. As a result, collections could be misappropriated and the related accounts receivable records could be adjusted to avoid detection. During our audit period, non-cash credit adjustments manually posted to student accounts totaled approximately \$126,000.

The Comptroller of Maryland's *Accounting Procedures Manual* requires collections to be deposited within one working day of receipt, safeguarding of collections prior to deposit, independent verification of collections to deposit, and segregation of cash handling and accounts receivable responsibilities.

Recommendation 3

We recommend that the College

- a. deposit all collections in a timely manner;**
- b. adequately safeguard collections prior to deposit;**
- c. ensure that a verification of recorded collections to deposit is conducted on a daily basis; and**
- d. ensure that all non-cash credits are subject to independent review and approval by, for example, establishing system generated output reports of non-cash credits processed for verification to valid supporting documentation.**

Student Residency

Finding 4

Changes to student residency to in-state status recorded in the College's automated records were not subject to independent review and approval, and were not always supported.

Analysis

Changes to student residency to in-state status recorded in the College's automated records were not subject to independent review and approval, and were not always adequately supported. Changes are made to a student account based on a written application from a student that includes supporting documentation of the in-state status or to correct errors in the initial determination. Our review disclosed that the College did not use available output reports of residency changes made on the automated system to ensure they were supported by appropriate documentation. Our test of 15 changes of residency status from out-of-state to in-state selected from output reports of system changes disclosed that no supporting documentation could be provided for one change, and the documentation maintained for two other changes was not sufficient to substantiate the change. For example, one student was granted in-state status due to their spouse being an active military member (an accepted condition), but the College did not have documentation to support the spouse's active duty status.

During the period from November 4, 2015 through November 7, 2019 there were 79 residency status changes from out-of-state to in-state residency. Student

residency determinations have a financial impact because of the significant differences between in-state and out-of-state student tuition rates. For example, the undergraduate tuition for Maryland residents was \$6,058 for the Fall 2019 semester, whereas the undergraduate tuition rate for out-of-state students was \$14,096.

Recommendation 4

We recommend that the College

- a. ensure that changes to student residency status are subject to independent review and approval by verifying available output reports of all residency status changes posted to student accounts to supporting documentation, and**
- b. ensure the propriety of the three changes noted that were lacking adequate supporting documentation.**

Information Systems Security and Control

Background

The College's Office of Information Technology (OIT) operates and maintains the College's campus-wide administrative applications, such as the student information and financial system. The Office also operates an integrated administrative and academic computer network that provides connections to a substantial number of servers used for administrative applications and related databases. The campus network also includes separate file servers, internet connectivity, and firewalls.

Finding 5

The College maintained a significant computer application which contained sensitive personally identifiable information (PII), without adequate safeguards.

Analysis

The College maintained a significant computer application which contained sensitive PII, without adequate safeguards. As of January 21, 2020, we noted that this application's related database contained sensitive information involving 127,717 records which were maintained in a manner that made the information vulnerable to improper disclosure. College personnel advised us that this sensitive PII was subject to other protective data transfer controls; however, our review determined these controls were not comprehensive. Detailed sensitive aspects of this finding were omitted from this report, however the related detailed

information was previously shared with the College for purposes of implementing the following recommendation.

Best practices as per the State of Maryland *Information Technology Security Manual* require that agencies protect confidential data using adequate safeguards and/or other substantial mitigating controls.

Recommendation 5

We recommend that the College implement appropriate comprehensive information security safeguards for its sensitive PII.

Finding 6

The College broadly granted non-information technology (IT) employees local administrative rights on their computer workstations, increasing malware security risk.

Analysis

The College broadly granted non-IT employees local administrative rights on their computer workstations, increasing malware security risk. According to College records, for a period from September 15, 2016 through January 20, 2020, a total of 202 College employees who were neither IT system nor network administrators were approved by OIT personnel and granted local administrative rights (versus non-privileged local user rights) over their workstations. College personnel advised us that much of the local rights assignment existed to give flexibility over maintenance of workstations' software because a non-privileged means to install needed software did not exist. However, if these workstations were infected with malware, the malware could run with administrative rights and expose these workstations to a greater risk of compromise than if the workstations' user accounts operated with only user rights.

Best practices as per the State of Maryland *Information Technology Security Manual* state that agencies must ensure that software installation policies are enforced through automated methods, implementation of least privilege, and periodic review of user accounts. The *Manual* also states that only authorized users be given necessary privileges to install software and provides for separate local administrator accounts for use by IT administrator employees.

Recommendation 6

We recommend that the College

- a. identify and implement procedures for workstation software maintenance that do not involve widespread assignment of local administrator rights; and**
- b. limit the assignment of such rights to only system and network administrators, remove all instances of such rights that are no longer necessary, and grant any exception-based assignments of such rights to non-IT administrators provided they are justified, approved, documented, and regularly reviewed for ongoing necessity.**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of St. Mary's College of Maryland (the College) for the period beginning August 24, 2015 and ending August 25, 2019. 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 College'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 purchases and disbursements, student accounts receivable, cash receipts, information systems security and control, payroll, and student financial aid. Our audit included certain support services (such as payment processing, payroll processing, maintenance of personnel and accounting records, and related fiscal functions) provided by the College to the Historic St. Mary's City Commission. We also determined the status of the findings included in our preceding audit report.

Our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of the College'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 College.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the College'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) 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 the College's financial systems for the purpose of testing certain areas, such as financial aid and 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.

The College'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 the College, 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 the College'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 the College that did not warrant inclusion in this report.

The College's response 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 College regarding the results of our review of its response.

APPENDIX



OFFICE OF THE VICE PRESIDENT FOR
BUSINESS & FINANCE
47645 College Drive
St. Mary's City, MD 20686

www.smcm.edu
TEL: 240-895-4413
FAX: 240-895-4957

July 8, 2020

Mr. Gregory A. Hook, CPA,
Legislative Auditor.
Department of Legislative Service
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201

Dear Mr. Hook:

St. Mary's College of Maryland is in receipt of your correspondence dated June 22, 2020 requesting responses to the audit report comments and recommendations. Per your request, we are pleased to submit our responses to each of the six findings. Please contact me at 240-895-4413, or via email at papusecker@smcm.edu, with any questions or if further information is needed.

Regards,

Paul A. Pusecker III
Vice President for Business and CFO

cc: Tuajuanda C. Jordan, President

St. Mary's College of Maryland

Agency Response Form

Enterprise Resource Planning System Contract

Finding 1

The College did not accurately report the cost of its Enterprise Resource Planning System contract to the Board of Public Works, and lacked documentation to support critical elements of and changes to the contract terms.

We recommend that the College

- a. ensure that complete contract costs, including the costs related to the contract noted in our finding, are accurately reported to the BPW, and maintain adequate documentation, including vendor submitted documentation, supporting reported costs;
- b. as required by its procurement policies and procedures, prepare documented determinations justifying the use of time and material contracts, and ensure that such contracts clearly include a ceiling price that the contractor exceeds at its own risk; and
- c. maintain adequate documentation to justify significant differences, such as with the use of termination for convenience clauses, between the RFP and the final contract.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	The root cause of this issue is a difference in the funding available for the early base implementation term of this contract (\$2,414,752) and the total cost which includes the 5 annual option periods (\$3,791,992). The College agrees it needs to secure BPW approval for the total project cost.		
Recommendation 1a	Agree	Estimated Completion Date:	11/2020
Please provide details of corrective action or explain disagreement.	The College will go back to the Board of Public Works to correct the previously reported contract total to include the complete cost of implementation as well as the 5 one-year option periods.		
Recommendation 1b	Agree	Estimated Completion Date:	07/15/2020
Please provide details of corrective action or explain disagreement.	This was an oversight. Immediately after being informed by the auditors of this mistake a bilateral modification was incorporated into the contract stating the contract was a time and material contract and listing the ceiling price. The Procurement Office will create a findings and determination document outlining the justification for the Time and Materials contract.		
Recommendation 1c	Agree	Estimated Completion Date:	07/15/2020
Please provide details of corrective action or explain disagreement.	Negotiations to meld the terms and conditions of both parties was conducted by the Attorney General's office. The final documents contained elements of both parties' terms and conditions. The final documents were approved by the Attorney General's office and accepted		

St. Mary's College of Maryland

Agency Response Form

	by the College. We are in the process of collecting all of the correspondence between the contractor and the Attorney General's office in order to document the file.
--	---

Food Services Contract

Finding 2 The College did not ensure the propriety of labor charges billed by its food services vendor, which totaled \$2.1 million in fiscal year 2019.
--

We recommend that the College ensure that labor charges billed by the food services contractor are adequately supported and verified (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 2	Agree	Estimated Completion Date:	9/1/2020
Please provide details of corrective action or explain disagreement.	The College agrees that a more detailed review of payroll charges should take place. Subsequent to the audit field work period, we have worked with the DLS staff to agree on a procedure acceptable to them for audit purposes. We will implement the agreed upon process to ensure the propriety of labor charges billed by our food service vendor.		

St. Mary's College of Maryland

Agency Response Form

Cash Receipts

Finding 3
Collections were not always safeguarded, deposited timely, or verified to subsequent deposit; and certain collection duties were not segregated as required.

We recommend that the College

- a. deposit all collections in a timely manner;
- b. adequately safeguard collections prior to deposit;
- c. ensure that a verification of recorded collections to deposit is conducted on a daily basis; and
- d. ensure that all non-cash credits are subject to independent review and approval by, for example, establishing system generated output reports of non-cash credits processed for verification to valid supporting documentation.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3a	Agree	Estimated Completion Date:	5/15/2020
Please provide details of corrective action or explain disagreement.	Cash Deposits not deposited in a timely manner – St. Mary's College of Maryland, in conjunction with Maryland Treasury officials, have established a new armored car service to pick up deposits and transport them to necessary banking depository servicing facilities. This will completely eliminate Public Safety's responsibility for pickup and transport of daily cash deposits to our local depository bank.		
Recommendation 3b	Agree	Estimated Completion Date:	5/15/2020
Please provide details of corrective action or explain disagreement.	With the implementation of the armored car pickup service, deposits remain in the Cashier's safe until pickup.		
Recommendation 3c	Agree	Estimated Completion Date:	Currently in place
Please provide details of corrective action or explain disagreement.	The employee assigned this task will trace each deposit slip to a bank statement and verify bank deposits match daily deposits. The slips will be signature-verified by the appropriate supervisor.		

St. Mary's College of Maryland

Agency Response Form

Recommendation 3d	Agree	Estimated Completion Date:	9/1/2020
Please provide details of corrective action or explain disagreement.	Non-cash credits will be approved by the supervisor for the office of student accounts. As a result, St. Mary's College will institute a third-party independent approval process. This employee will have no access to the College's Accounts Receivable system, but will verify collections/postings to student accounts to ensure non-cash credits are appropriate. We will also create a report to identify such non-cash credits for quarterly review.		

St. Mary's College of Maryland

Agency Response Form

Student Residency

Finding 4
Changes to student residency to in-state status recorded in the College's automated records were not subject to independent review and approval, and were not always supported.

We recommend that the College

- a. ensure that changes to student residency status are subject to independent review and approval by verifying available output reports of all residency status changes posted to student accounts to supporting documentation, and
- b. ensure the propriety of the three changes noted that were lacking adequate supporting documentation.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4a	Agree	Estimated Completion Date:	9/1/2020
Please provide details of corrective action or explain disagreement.	Moving forward, all documentation will be maintained in a central location in the registrar's office to ensure all documentation is being accounted for and processed appropriately. Since the Admission's Office can also make a change in residency if the student has not officially started, we will work with Admission staff to ensure changes made after the initial decision are properly documented. Output reports showing instances of residency status changes will be run and reviewed at the end of drop/add period, before registration for the following term, and at the conclusion of each semester.		
Recommendation 4b	Agree	Estimated Completion Date:	Complete
Please provide details of corrective action or explain disagreement.	The Office of the Registrar has reviewed the three changes.		

St. Mary's College of Maryland

Agency Response Form

Information Systems Security and Control

Finding 5

The College maintained a significant computer application which contained sensitive personally identifiable information (PII), without adequate safeguards.

We recommend that the College implement appropriate comprehensive information security safeguards for its sensitive PII.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 5	Agree	Estimated Completion Date:	Nov 2020
Please provide details of corrective action or explain disagreement.	Management agrees. The creation of a campus-wide policy in conjunction with the Data Management Policy to ensure adequate safeguards are in place to protect PII. Installation of a data security, privacy, compliance, and data protection software to identity, automate, and scan servers for sensitive PII information will be implemented. The policy will be implemented with the Go Live date in conjunction with the new Enterprise Resource Planning system in November 2020.		

St. Mary's College of Maryland

Agency Response Form

Finding 6

The College broadly granted non-information technology (IT) employees local administrative rights on their computer workstations, increasing malware security risk.

We recommend that the College

- a. identify and implement procedures for workstation software maintenance that do not involve widespread assignment of local administrator rights; and
- b. limit the assignment of such rights to only system and network administrators, remove all instances of such rights that are no longer necessary, and grant any exception-based assignments of such rights to non-IT administrators provided they are justified, approved, documented, and regularly reviewed for ongoing necessity.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 6a	Agree	Estimated Completion Date:	12/20
Please provide details of corrective action or explain disagreement.	SMCM OIT Management agrees and will research, review, and revise the current SMCM Computer Administrative Rights policy to minimize the need for permanent local administrative rights on SMCM workstations. The updates to this policy and full implementation will occur prior to December 2020.		
Recommendation 6b	Agree	Estimated Completion Date:	12/20
Please provide details of corrective action or explain disagreement.	Management agrees and will maintain and periodically review exceptions to the policy, ensuring non-IT administrative rights are fully justified and reviewed by the Chief Information Officer.		

AUDIT TEAM

Robert A. Wells, Jr., CPA
Audit Manager

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

Brian S. Han, CPA
Senior Auditor

Edward O. Kendall, CISA
Matthew D. Walbert, CISA
Information Systems Senior Auditors

Marina I. Bulatova
Keli R. Edmonds
Staff Auditors

Dominick R. Abril
Peter W. Chong
Malcolm J. Woodard
Information Systems Staff Auditors