

Audit Report

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

October 2018



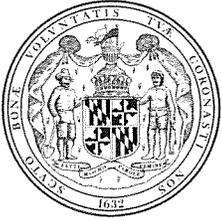
OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

For further information concerning this report contact:

Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900
Toll Free in Maryland: 1-877-486-9964
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
Website: www.ola.state.md.us

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Thomas J. Barnickel III, CPA
Legislative Auditor

October 11, 2018

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate C. William Frick, Co-Chair, Joint Audit Committee
Members of Joint Audit 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 March 5, 2014 and ending June 30, 2017. 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 sufficient controls had not been established to ensure adequate and timely follow-up on delinquent student accounts, and to verify the propriety of changes made to student residency status, such as from out-of-state to in-state. A student's residency status significantly affects the amount of tuition charged to the student.

Our audit also disclosed that most campus departments had not taken adequate steps to identify all stored personally identifiable information (PII), such as names and related social security numbers, and to establish policies to guide and direct such activities. As of November 1, 2017, only 10 of the 120 defined UMCP departments had executed a data management software product to scan their servers for PII, and that the last significant effort to review UMCP department servers for PII existence had ended during the Summer of 2014.

Furthermore, we found that electronic employee timesheets were frequently not signed by the employee nor approved by supervisory personnel to substantiate the recorded work time. We also noted internal control

weaknesses over certain financial aid transactions, as well as collections and meal plan records at UMCP's Dining Services.

The USM Office's response to this audit, on behalf of UMCP, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by UMCP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "TJ Barnickel III". The signature is fluid and cursive, with a large initial "TJ" and a stylized "Barnickel III".

Thomas J. Barnickel III, CPA
Legislative Auditor

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* 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. It offers baccalaureate, master's, and doctoral programs in the liberal arts and sciences and selected professional fields. For the Fall 2017 term, enrollment totaled 40,521.

UMCP's budget is funded by unrestricted revenues, such as tuition and fees and a State general fund appropriation, as well as restricted revenues, such as federal grants and contracts. According to the State's accounting records, fiscal year 2017 revenues totaled approximately \$2 billion, including a State general fund appropriation of approximately \$487 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 May 11, 2015. We determined that UMCP satisfactorily addressed six of these findings. The remaining finding is repeated in this report.

Findings and Recommendations

Student Accounts Receivable

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.

Analysis

UMCP did not have sufficient procedures requiring independent reviews to ensure that all eligible delinquent student accounts were referred to the State's Central Collection Unit (CCU) in a timely manner, and that students with unpaid account balances from prior semesters were prevented from registering for classes. In addition, UMCP did not have formal, written procedures regarding installment payment plans, as required by University System of Maryland (USM) policy, which may have contributed, at least in part, to these conditions.

According to UMCP's records, student accounts receivable totaled approximately \$12.7 million as of June 30, 2017, and delinquent accounts totaling \$3 million were referred to CCU during fiscal year 2017. Revenues from tuition and fees during fiscal year 2017 totaled approximately \$594 million. We tested 18 delinquent student accounts with balances totaling approximately \$385,000 as of June 30, 2017, including 8 accounts that had already been referred to CCU. Our test disclosed the following conditions related to 6 student accounts:

- Five delinquent student accounts totaling \$205,000 had not been transferred to CCU within the required period established by CCU regulations, as modified for UMCP. This included 2 accounts with balances totaling \$44,000 and \$57,000 that, at the time of our review, had been delinquent for two months and three years, respectively, beyond when the accounts should have been transferred. UMCP had transferred the other 3 accounts, totaling approximately \$104,000, from 6 to 30 months late.
- Six students (including the 5 students noted above) were permitted to register for classes even though they had outstanding account balances from one or more prior semesters. In one instance, the student accumulated an additional \$51,733 in debt during the period from the first delinquent semester in the Fall of 2013 through June 30, 2017. UMCP stated that these students had installment payment plans, allowing them to register with unpaid balances. However, formally documented payment plans with established payment due

dates, specifying the consequences of late payments, had not been established. Rather, the plans referred to were notes written in the automated student accounts receivable records.

- Two of the aforementioned 6 students had written numerous checks totaling \$224,000 in payment of their accounts that had been returned by the bank for insufficient funds; however, UMCP continued to accept personal checks from these students in payment for subsequent semesters rather than require account payments to be made with a guaranteed form of payment, such as a certified check. As of June 30, 2017, debts owed by these students totaled approximately \$63,000 and related to semesters dating back to Fall 2015.

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 due date, unless the student is covered by a specific exemption, such as pending financial aid or a current payment plan. The *Policy* further requires that appropriate administrative action (such as barring class attendance) be initiated if timely payment is not received. CCU regulations, as amended for UMCP, require that each semester's delinquent accounts be transferred to CCU at the end of the final registration period of the subsequent semester. The *Policy* also requires each institution to provide written procedures, which must be approved by the president of the University, for installment payment plans to extend the tuition and fee due dates.

Recommendation 1

We recommend that UMCP

- a. establish procedures requiring independent reviews to ensure that all eligible (delinquent) student accounts, including the accounts we noted, are referred to CCU in a timely manner;**
- b. ensure that students with outstanding account balances are not permitted to register for subsequent semesters unless the student qualifies for an exemption as specified in the Board of Regents' *Policy*;**
- c. ensure that students who had previously attempted to satisfy their debt with a bad check are required to pay subsequent debts with a guaranteed form of cash payment (such as a certified check); and**
- d. develop written and properly approved procedures for installment payment plans for tuition and fees.**

Finding 2**UMCP did not establish independent reviews of changes made to students' residency status.****Analysis**

Changes in student residency status were not subject to an independent review. Although output reports of residency status changes in UMCP's automated records were generated for subsequent review, the person responsible for performing the review was also responsible for making changes. During the audit period, changes made by this employee accounted for approximately 15 percent of the 4,500 changes processed. As a result, improper residency status changes could be recorded without being readily detected.

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 \$8,315 for the 2017 academic year, whereas the undergraduate tuition rate for out-of-state students was \$30,179.

Recommendation 2

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, as reflected on the aforementioned output reports, at least on a test basis.

Finding 3**UMCP did not assess mandatory fees on faculty and staff receiving tuition remission benefits, although required by Board of Regents policy.****Analysis**

UMCP did not assess mandatory fees, such as athletic and recreation services fees, on UMCP faculty and staff receiving tuition remission for courses taken at UMCP. The Board of Regents' *Policy on Tuition Remission and Tuition Reimbursement for Regular and Retired Nonexempt and Exempt Staff and Faculty Employees of the University Systems of Maryland* states that tuition remission does not include mandatory fees, which remain the responsibility of the eligible employee or retiree.

During our audit period, which spanned from the Spring 2014 semester through the Spring 2017 semester, using a report generated by UMCP, we identified 181 faculty and staff who received the tuition remission benefit for undergraduate

courses taken at UMCP. Based upon our estimates, the related fees that were not assessed totaled approximately \$154,000. In addition, using the same report, we identified 588 faculty and staff that received the tuition remission benefit for graduate level work completed through UMCP. We were unable to readily determine the amount of fees not assessed to these graduate students because of the range of fees that could have been charged. For example, the fees were approximately \$400 per semester for a student taking a graduate level course on campus; however, the fees were reduced for students taking an on-line course. UMCP advised us that, since UMCP employees already have access to services supported by student mandatory fees, it has waived these fees for employees who take advantage of tuition remission. UMCP further advised that it will seek guidance on this matter from USM and University Counsel.

Recommendation 3

We recommend that UMCP assess mandatory fees on UMCP faculty and staff receiving tuition remission, as required by the aforementioned Board of Regents' Policy, unless it receives approval from the Board to waive such fees.

Information Systems Security and Control

Background

UMCP's Division of Information Technology (DIT) manages the development, maintenance, and support of UMCP's information technology infrastructure including related networking, telecommunications, and business information systems. DIT maintains a campus-wide network, supporting both administrative and academic operations at UMCP. DIT also maintains critical UMCP applications such as the student administration and payroll and human resources application systems. DIT jointly maintains the financial application system with the UMCP Comptroller's Office.

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 department computer resources.

Analysis

UMCP had not developed a policy to guide and direct UMCP departments in using a sensitive data management software product for discovering, managing, and securing all stored personally identifiable information (PII). In addition,

UMCP's DIT was not monitoring UMCP departments to ensure that each department executed the software product on their computer resources and took the necessary actions to ensure that PII data was protected by adequate safeguards. We also found that very few UMCP departments had performed automated server scanning with the product.

We reviewed the software product's management console as of December 18, 2017 and determined that 120 UMCP departments were defined for use of the product, and, that substantial scanning had been performed against workstations and laptops for identifying PII stored on these devices. However, the UMCP departments had done very limited scanning of servers for PII identification. UMCP personnel advised us that as of November 1, 2017, only 10 of the 120 defined UMCP departments had executed the software product against their servers, and that the last significant effort to review UMCP department servers for PII existence had ended during the Summer of 2014. According to DIT personnel, since a policy did not exist governing use of the software product and monitoring was not performed to ensure consistency within each department, UMCP's departments had control over the manner in which the scanning software was executed.

PII is commonly associated with identity theft and should be protected by appropriate information system security controls. USM's *IT Security Standards* require, from a risk management perspective, that institutions implement processes that include identification of systems that process and/or store confidential information. These *Standards* also require that confidential data be protected by encryption, or other equally secure safeguards.

Recommendation 4

We recommend that UMCP

- a. develop a policy applicable to all departments, for PII identification and control, which addresses scanning coverage (including servers), frequency, activity reporting, and includes departmental status reporting of their confidential data (PII) protection measures relative to USM's *IT Security Standards* requirements; and**
- b. assign responsibility to a Campus unit to monitor UMCP departments' compliance with the newly developed policy.**

Payroll

Finding 5

Controls over electronic timesheets for regular employees were not sufficient to ensure the validity of all time reported and payroll payments made.

Analysis

Controls over electronic timesheets for regular employees were not sufficient to ensure the validity of all time reported and payroll payments made. Generally, UMCP employees prepared their timesheets on an automated payroll system and supervisors approved their employees' timesheets on that system. However, we found that timesheets were not always signed by the employees and approved by supervisory personnel. According to the State's records, UMCP's payroll expenditures totaled approximately \$1.3 billion during fiscal year 2017 and there were 9,333 regular employees.

Based on a report generated for us by UMCP from its payroll system for fiscal year 2017, there were approximately 7,800 instances (related to over 900 employees) in which there was no employee signature attesting to the accuracy of the employees' time and no documented supervisory approval on a timesheet for the applicable pay period. This included 95 employees for whom there was no signed and approved timesheet for all 26 pay periods in the year (accounting for 2,470 instances). We tested this report and found it to be reliable for our purposes. The lack of a signed and approved timesheet for a regular employee will not prevent the related payroll payment from being processed. Nevertheless, signed and approved timesheets serve as a validated record of time worked and leave taken, as well as appropriate support for payroll payments made. Consequently, it is imperative that all employee timesheets be signed by the employee and approved by appropriate supervisory personnel.

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. The aforementioned 9,333 regular employees includes faculty, exempt, and non-exempt employees.

Recommendation 5

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.

Student Financial Aid

Finding 6

UMCP did not establish adequate controls over financial aid award determinations.

Analysis

UMCP had not established sufficient controls over significant aspects of the student financial aid award process. Specifically, manual adjustments to student cost of attendance budgets, as well as verifications of student financial aid application data, were not subject to independent supervisory review. The accuracy and validity of these two functions are critical to ensuring the propriety of financial aid awards made to students. According to UMCP's records, during fiscal year 2017, financial aid awarded to students totaled approximately \$305 million, including \$171 million in federal aid.

A student's cost of attendance budget, which includes tuition and fees, room and board, transportation, and other personal expenses, is used to help determine the maximum amount of financial aid to which the student is entitled. These budgets may be adjusted based on individual student situations, such as variations in costs due to actual tuition charges, loan origination fees, or premium meal plans, and these adjustments should be independently reviewed.

Furthermore, there was no independent review of the verifications of student financial aid application data. The employees who performed these verifications for selected students were also responsible for submitting any corrected application data, which resulted in the removal of the hold placed on the student's account while the verification audit was performed. However, there was no independent review of these verifications and, therefore, there was no assurance that they were properly performed and recorded.

Recommendation 6

We recommend that UMCP ensure that manual adjustments to student cost of attendance budgets, as well as verifications of student financial aid application data, are subject to documented independent review, at least on a test basis.

Dining Services

Finding 7

UMCP had not established adequate controls over dining services collections and did not ensure the accuracy of meal plan records.

Analysis

UMCP had not established adequate controls to ensure its Dining Services cash and check collections, which totaled \$2.4 million during fiscal year 2017, were deposited. In addition, adequate controls had not been established to ensure the accuracy of its student meal plan records. Meal plan revenue totaled approximately \$39.6 million for the same period.

The procedures used by Dining Services to ensure that all collections were deposited were inadequate since the initial record of collections was not used in this process. Rather, deposit records were compared to documentation of collections that was subsequently prepared during the deposit process. Consequently, there was a lack of assurance that all collections were deposited.

The employee who periodically performed reconciliations of student meal plan records in the Dining Services system with student accounts receivable records also had the capability to record transactions, such as additional meal purchases and refunds, in both systems without approval. As a result, improper or unauthorized adjustments, such as to increase student meal points, could be processed without detection. Each semester, student meal plan purchases were uploaded from the student accounts in the accounts receivable records to the student accounts in the Dining Services automated records. Additional meal plan purchases or plan changes made by the students during the semester were manually recorded in both the accounts receivable and Dining Services systems. A similar condition was commented upon in our preceding audit report.

Recommendation 7

We recommend that UMCP

- a. ensure that deposit verifications are performed using the initial record of collections, and**
- b. ensure that the individual responsible for performing the reconciliation of student meal plan records in the Dining Services system with the student accounts receivable records is independent of the related recordation functions (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 March 5, 2014 and ending June 30, 2017. 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, information systems security and control, payroll, student financial aid, and corporate purchasing cards. Our audit included certain support services (such as the processing of vendor payment transmittals) provided by UMCP on a centralized basis for several other units of USM. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include the computer operations of the UMCP Division of Information Technology (DIT) as it relates to services primarily provided to other USM institutions. A separate audit of the DIT is conducted. Our audit also 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 financial 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.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of UMCP'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 UMCP'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.

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.

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.

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

APPENDIX



3300 METZEROTT ROAD // ADELPHI, MD 20783
WWW.USMD.EDU // 301.445.1901

OFFICE OF THE CHANCELLOR

October 4, 2018

Mr. Thomas J. Barnickel III, 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: March 5, 2014 through June 30, 2017

Dear Mr. Barnickel:

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

Sincerely yours,

A handwritten signature in black ink that reads 'Robert L. Caret'.

Robert L. Caret
Chancellor

Enclosures

cc: Dr. Wallace D. Loh, President, UMCP
Mr. Carlo Colella, Vice President for Administration and Finance, UMCP
Mr. Paul S. Dworkis, Assoc. Vice President, Finance and Chief Financial Officer, UMCP
Mr. James T. Brady, Chair, University System of Maryland Board of Regents
Mr. Robert L. Page, Associate Vice Chancellor for Financial Affairs, USM Office
Mr. David Mosca, Director of Internal Audit, USM Office

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
UNIVERSITY OF MARYLAND, COLLEGE PARK
MARCH 5, 2014 TO JUNE 30, 2017**

Student Accounts Receivable

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.

Recommendation 1

We recommend that UMCP

- a. establish procedures requiring independent reviews to ensure that all eligible (delinquent) student accounts, including the accounts we noted, are referred to CCU in a timely manner;**
- b. ensure that students with outstanding account balances are not permitted to register for subsequent semesters unless the student qualifies for an exemption as specified in the Board of Regents' *Policy*;**
- c. ensure that students who had previously attempted to satisfy their debt with a bad check are required to pay subsequent debts with a guaranteed form of cash payment (such as a certified check); and**
- d. develop written and properly approved procedures for installment payment plans for tuition and fees.**

University response

- a. The University has already established extensive procedures which includes independent reviews to verify student accounts prior to referral to CCU. As mentioned above, these accounts were in payment plans established by prior administrators. In accordance with policy, accounts were not sent to CCU until deemed delinquent. During the review procedure, when the University determined the delinquency status, the account was referred, timely, to CCU.

OLA considered the account delinquent when there was an outstanding balance after the first semester. UMCP determined delinquency when payment arrangements were considered in default and any good faith effort ceased. While we are currently under a new administration with a more conservative approach to payment plans and a 99.5% collection rate, the prior administrations were operating under the appropriate authority to make these determinations.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
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MARCH 5, 2014 TO JUNE 30, 2017**

- b. The University will continue to comply with the BOR Policy regarding students with outstanding balances. As stated in the finding, these students were in payment plans and therefore eligible to continue registering for classes. We agree that the documentation of these plans was not sufficient to support the student status. The Office of Student Financial Services & Cashiering (OSFS&C) will develop procedures for documentation of the installment payment plans under recommendation (d) and will ensure that pertinent information is included in the electronic notes system.

- c. The University agrees with this recommendation. The intensive manual process of reviewing for bad checks caused the oversight of these two students. OSFS&C has a new processor that has significantly reduced the number of paper checks and reduced the turnaround time for returned electronic checks.

- d. The University agrees with this recommendation; procedures for Internal Installment Plans are being developed by the OSFS&C.

Finding 2
UMCP did not establish independent reviews of changes made to students' residency status.

Recommendation 2
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, as reflected on the aforementioned output reports, at least on a test basis.

University response
The University agrees with this recommendation. An independent employee will review student residency changes, and document said review, on a test basis.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
UNIVERSITY OF MARYLAND, COLLEGE PARK
MARCH 5, 2014 TO JUNE 30, 2017**

Finding 3

UMCP did not assess mandatory fees on faculty and staff receiving tuition remission benefits, although required by Board of Regents policy.

Recommendation 3

We recommend that UMCP assess mandatory fees on UMCP faculty and staff receiving tuition remission, as required by the aforementioned Board of Regents' *Policy*, unless it receives approval from the Board to waive such fees.

University response

The University believes we were operating within the scope of policy. The University will seek guidance from USM and Legal Counsel on the interpretation of the Policy and, if appropriate, will seek an exemption from the Board.

Information Systems Security and Control

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 department computer resources.

Recommendation 4

We recommend that UMCP

- a. develop a policy applicable to all departments, for PII identification and control, which addresses scanning coverage (including servers), frequency, activity reporting, and includes departmental status reporting of their confidential data (PII) protection measures relative to USM's *IT Security Standards* requirements; and**
- b. assign responsibility to a Campus unit to monitor UMCP departments' compliance with the newly developed policy.**

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
UNIVERSITY OF MARYLAND, COLLEGE PARK
MARCH 5, 2014 TO JUNE 30, 2017**

University response

- a. UMCP will enhance the IT Security Standard over confidential data to include a biennial review of the confidential data on campus. The review is referred to as the Data Landscape Questionnaire which is a campus initiative to review all data on campus and ensure security over that data. The tool referred to in the audit finding to identify personally identifiable information (PII) would not function on our servers due to the magnitude of information. When the tool did process, it provided countless false hits that it was deemed useless. The tool is available to departments but will not be required by policy.

- b. The UMCP IT Environment is decentralized; therefore, the standards are the departments' responsibility to perform the tasks. DIV IT is responsible for ensuring all departments respond to the Data Landscape Questionnaire. DIV IT will use the Data Landscape Questionnaire to review department's security measures on a test basis.

Payroll

Finding 5

Controls over electronic timesheets for regular employees were not sufficient to ensure the validity of all time reported and payroll payments made.

Recommendation 5

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.

University response

The University agrees with this recommendation. UMCP has communicated the importance of signing and approving timesheets to all faculty and staff. Data reports are available to identify employees and supervisors who have not signed or approved timesheets. The University will perform periodic reviews of the Data reports to identify timesheets that are not compliant.

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
UNIVERSITY OF MARYLAND, COLLEGE PARK
MARCH 5, 2014 TO JUNE 30, 2017**

Student Financial Aid

Finding 6

UMCP did not establish adequate controls over financial aid award determinations.

Recommendation 6

We recommend that UMCP ensure that manual adjustments to student cost of attendance budgets, as well as verifications of student financial aid application data, are subject to documented independent review, at least on a test basis.

University response

The University agrees with this recommendation. An independent employee will review changes to Cost of Attendance and Verifications of Financial Aid, and document said review, on a test basis.

Dining Services

Finding 7

UMCP had not established adequate controls over dining services collections and did not ensure the accuracy of meal plan records.

Recommendation 7

We recommend that UMCP

- a. ensure that deposit verifications are performed using the initial record of collections, and**
- b. ensure that the individual responsible for performing the reconciliation of student meal plan records in the Dining Services system with the student accounts receivable records is independent of the related recordation functions (repeat).**

**RESPONSE TO LEGISLATIVE AUDIT REPORT
UNIVERSITY SYSTEM OF MARYLAND
UNIVERSITY OF MARYLAND, COLLEGE PARK
MARCH 5, 2014 TO JUNE 30, 2017**

University response

- a. The University agrees with this recommendation. Dining Services has already implemented a procedure to independently verify deposits using initial records of collection.

- b. The University agrees with this recommendation. While the initial procedure remains, Dining Services has already implemented an additional independent review of the reconciliation by an individual who does not have recordation access to student accounts.

AUDIT TEAM

William R. Smith, CPA
Audit Manager

Richard L. Carter, CISA
Information Systems Audit Manager

Sandra C. Medeiros
W. Thomas Sides
Senior Auditors

Edwin L. Paul, CPA, CISA
Information Systems Senior Auditor

Sierra M. Jones-Ward
Zain Khalid
Alice Z. Liu, CPA
Joshua A. Naylor
Jason M. Wittcop
Staff Auditors

Robert H. Dean
Roman J. Gouin
Information Systems Staff Auditors