

Audit Report

**University System of Maryland
Coppin State University**

September 2019



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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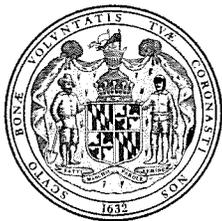
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900 · 1-877-486-9964 (Toll Free in Maryland)
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

September 23, 2019

Senator Craig J. Zucker, Senate Chair, Joint Audit and Evaluation Committee
Delegate Shelly L. Hettleman, 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) – Coppin State University (CSU) for the period beginning November 20, 2014 and ending July 24, 2018. CSU offers a broad range of baccalaureate programs in both traditional arts and sciences, teacher education and nursing, as well as selected professionally-oriented graduate programs.

Our audit disclosed that CSU had not established sufficient controls over its student residency changes, student financial aid, and purchase order processing. In many cases, this was because employees were able to record critical transactions, including adjusting a student's residency status and financial aid award, and initiating and approving purchase orders, without those transactions being subject to independent review and approval. In addition, we found that CSU had not established written eligibility criteria for certain institutional need-based financial aid, for which awards totaled \$2.2 million during fiscal years 2017 and 2018.

Our audit also disclosed that CSU made termination payments totaling \$308,000 to three former employees that were not consistent with USM – Board of Regents policy. Furthermore, sensitive personally identifiable student information maintained by CSU was stored in a database without adequate safeguards.

Finally, our audit included a review to determine the status of the seven findings contained in our preceding audit report. We determined that CSU satisfactorily addressed five of these findings, with the remaining two findings repeated in this report.

The USM Office's response to this audit, on behalf of CSU, is included as an appendix to this report. In accordance with State law, we have reviewed the response and, while CSU generally agrees with the recommendations in this report, we identified certain instances in which statements in the response conflict with or disagree with the report findings. In each instance, we reviewed and reassessed our audit documentation, and reaffirmed the validity of our finding. In accordance with generally accepted government auditing standards, we have included "auditor comments" within CSU's response to explain our position. We will advise the Joint Audit and Evaluation Committee of any outstanding issues that we cannot resolve with CSU.

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

Respectfully submitted,

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

Gregory A. Hook, CPA
Legislative Auditor

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Background Information

Agency Responsibilities

Coppin State University (CSU) is a comprehensive public institution of the University System of Maryland (USM) and operates under the jurisdiction of the USM's Board of Regents. CSU provides a broad range of baccalaureate programs in both traditional arts and sciences, teacher education and nursing, as well as select professionally-oriented graduate programs. Student enrollment for the fall 2017 semester totaled 2,893, consisting of 2,507 undergraduate students and 386 graduate students. Approximately 86 percent of CSU's student enrollment for the fall 2017 semester was classified as in-state and 14 percent was out-of-state.

CSU's budget is funded by unrestricted revenues, such as tuition and fees; a State general fund appropriation; and restricted revenues, such as federal grants and contracts. According to the State's records, CSU's revenues for fiscal year 2018 totaled approximately \$86 million, including a State general fund appropriation of approximately \$45 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 March 4, 2016. We determined that CSU satisfactorily addressed five of these findings. The remaining two findings are repeated in this report as noted in the following table.

Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	CSU did not establish adequate controls over student residency determinations.	Repeated (Current Finding 1)
Finding 2	CSU lacked controls to ensure the propriety of financial aid posted to student accounts.	Repeated (Current Finding 2)
Finding 3	The CSU internal network was not properly secured.	Not repeated
Finding 4	Equipment was not properly controlled and accounted for.	Not repeated
Finding 5	CSU did not establish sufficient control over mail collections.	Not repeated
Finding 6	Payroll adjustments were not independently reviewed and approved and system access was not appropriate.	Not repeated
Finding 7	Food service commission payments were not adequately verified.	Not repeated

Findings and Recommendations

Student Accounts and Financial Aid

Finding 1

Coppin State University (CSU) had not established adequate controls over student residency status changes, which could significantly impact a student's tuition charges.

Analysis

Student residency status changes were not independently reviewed for propriety. Specifically, available output reports of changes recorded in CSU's automated records were not generated for subsequent independent review and comparison to approved source documents. As a result, improper residency status changes could be recorded without being readily detected. CSU records all students as out-of-state upon admission and adjusts residency status to in-state for those students who are eligible based on a review of required documentation by Admissions Office staff. According to CSU's records, there were approximately 800 residency status changes from out-of-state to in-state processed during fiscal year 2018.

The lack of an independent review of changes to student residency status was also commented upon in our preceding audit report and, in response, the University System of Maryland Office (USM), on behalf of CSU, indicated agreement with the related recommendations.

USM's Board of Regents *Policy on Student Classification for Admission and Tuition Purposes* states that an individual seeking in-state status shall have the burden of providing clear and convincing evidence that he or she satisfies the requirements and standards set forth in the *Policy*. Accurate student residency determinations are critical because of the significant differences between in-state and out-of-state student tuition rates. For example, full-time undergraduate tuition and fee charges for the Spring 2018 semester totaled \$3,737 for Maryland residents (in-state) and \$6,811 for nonresidents (out-of-state).

Recommendation 1

We recommend that CSU use available output reports of student residency changes recorded in its automated records to independently verify, at least on a test basis, the propriety of changes made (repeat).

Finding 2**CSU had not established sufficient controls to ensure the propriety of financial aid awards to students.****Analysis**

CSU had not established sufficient controls over significant aspects of the financial aid award process within the financial aid office. Specifically, manual adjustments of both student cost data that supported financial aid determinations and the actual financial aid award amounts were not subject to independent supervisory review. Furthermore, there were no independent reviews performed of the verification of student financial aid application data. The accuracy and validity of these processes are critical to ensuring the propriety of student financial aid awards. According to CSU records, during fiscal year 2018, financial aid awarded to students, including grants and scholarships, totaled approximately \$32 million.

Adjustments to Cost of Attendance Budgets and Financial Aid Award Amounts

Adjustments made to student cost of attendance budgets and financial aid award amounts were not independently verified for propriety. A student's cost of attendance budget—which includes tuition and fees, room and board, transportation, and other personal expenses—is a factor in determining the maximum amount of financial aid to which the student is entitled. These budgets may be adjusted by CSU financial aid personnel for various reasons, such as changes in cost due to actual tuition charges, loan origination fees, or type of meal plan. Similarly, CSU financial aid personnel may manually adjust financial aid award amounts that are automatically calculated by CSU's financial aid system after consideration of a student's cost of attendance budget and various eligibility criteria. Manual financial aid award adjustments may be necessary based on individual student situations, such as when a student drops classes and may no longer be eligible for the original award amount.

Similar conditions relating to adjustments to financial aid award amounts were commented upon in our two preceding audit reports and, in response to our preceding audit report, USM, on behalf of CSU, indicated agreement with the related recommendations.

Verifications of Student Financial Aid Application Data

There were no independent reviews of the verifications performed of student financial aid application data. Automatic holds that prevented the awarding of the financial aid were placed on student accounts that were selected for this verification process. The CSU financial aid employees who performed these verifications for the selected students were responsible for obtaining

documentation from the students to support the application data, recording the results of these verifications, and for subsequently removing the hold placed on the student accounts to allow the financial aid to be awarded. However, there were no independent reviews conducted to ensure that these verifications, which resulted in the removal of the holds, were properly performed and recorded.

Beginning in October 2017, CSU contracted with a vendor to perform these student financial aid application data verifications. The vendor notified CSU of applications verified, and financial aid employees recorded the results in CSU's automated records and removed the aforementioned hold on the student accounts. However, CSU did not have an independent employee ensure propriety of the vendor verifications, results recorded, or removal of the holds.

Recommendation 2

We recommend that CSU ensure that adjustments to student financial aid award amounts (repeat) and student cost of attendance budgets, as well as recordation of student financial aid application components, are subject to a documented independent review, at least on a test basis.

Finding 3

CSU had not established written eligibility criteria for the award of certain institutional need-based aid, which totaled \$2.2 million during fiscal years 2017 and 2018. In addition, student tuition remission was not considered when determining eligibility for aid and maximum award amounts.

Analysis

CSU had not established written eligibility criteria for awarding certain institutional need-based financial aid, which totaled \$2.2 million during fiscal years 2017 and 2018. We were advised by CSU that this aid was awarded by financial aid employees based on individual student circumstances as the CSU employee deemed to be in the best interest of the student. Further, students were not required to complete a specific application for this financial aid. CSU awarded this institutional aid to 1,324 students during fiscal years 2017 and 2018 in amounts that generally ranged from \$500 to \$3,000 per student for each year, according to CSU records.

Specifically, CSU had not established written criteria for awarding this institutional need-based financial aid. Accordingly, financial aid awards were highly subjective and susceptible to inconsistency. The written criteria should address factors such as the intent of the aid program, eligible costs, other assistance received, and documentation requirements for students.

Furthermore, a student's tuition remission was not considered by CSU financial aid employees when determining eligibility and award amounts for such aid. Specifically, CSU did not reduce a student's cost of attendance by the amount of the tuition remission nor consider the tuition remission as additional financial assistance, when determining the aid amount awarded. Such consideration would be a reasonable approach and could significantly impact the amount of aid awarded.

We selected for testing six CSU employees who were also enrolled as CSU students and, as permitted by USM policy, received remission of tuition costs. Our test disclosed that four of these employees also received the aforementioned institutional need-based financial aid. The tuition remission provided to these employees was not considered either as a reduction in the cost of attendance or as additional financial assistance when determining the amount of need-based financial aid awarded. During our audit period, these four employees collectively received tuition remission valued at \$32,000 and individually received institutional need-based aid ranging from \$500 to \$2,000 per semester, which totaled \$8,500 for all four employees.

Recommendation 3

We recommend that CSU establish written eligibility criteria for its institutional need-based financial aid program which addresses the intent of the program, eligible costs, the impact of other assistance received by the student (specifically including tuition remission), and student documentation requirements.

Purchasing

Finding 4

CSU lacked adequate procedures to ensure that all purchase orders processed were valid, as two employees were unilaterally responsible for both initiating and approving 1,582 purchase orders totaling \$11.5 million.

Analysis

CSU lacked adequate procedures to ensure that all purchase orders processed were valid. Specifically, two employees had access capabilities in CSU's automated accounting system that allowed them to both initiate and approve purchase orders in the system without an independent on-line review and approval, and we noted that this frequently occurred.

CSU had not addressed this control weakness either by separating the initiating and approval functions or by establishing a mitigating control, such as using output reports of purchase orders initiated and approved by the same employee to verify their propriety. Consequently, errors or improper purchases could occur without timely detection.

According to CSU's records, during fiscal year 2018, these two employees were unilaterally responsible for both initiating and approving 1,582 purchase orders totaling \$11.5 million in CSU's accounting system (out of total purchase orders of \$20.0 million). Although our limited review of selected purchase orders initiated and approved by the same employee found the purchases to be reasonable, it is incumbent upon CSU to take the necessary steps to ensure the propriety of all purchase orders processed.

According to the *University System of Maryland – IT Security Standards*, the functions of processing and authorizing business transactions must be segregated. This provides for the appropriate separation of duties; however, if not possible, compensating controls must be established to mitigate the risk.

Recommendation 4

We recommend that CSU establish adequate procedures to ensure that all purchase orders processed are proper. Specifically, we recommend that CSU either separate the aforementioned initiating and approval functions or, if not possible, establish a mitigating control. For example, CSU could use system generated output reports to verify the propriety of purchase orders initiated and approved by the same employee.

Employee Termination Payments

Finding 5

CSU made termination payments totaling \$308,000 to three former employees that were not consistent with USM Board of Regents (BOR) policy.

Analysis

CSU made termination payments totaling \$308,000 to three former employees during our audit period that were not consistent with the USM BOR *Policy on Separation for Regular Exempt Staff Employees* under which the payments were made. According to the *Policy*, exempt employees serve on an at-will basis and their employment may be terminated at any time by either the employee or the applicable USM institution. The *Policy* further provides that, upon involuntary

separation, the employee shall be provided with a period of notice, the length of which is dependent on the employee's length of service, and ranges between one and twelve months. The *Policy* also provides that, at the option of the institution President or designee, involuntarily separated employees may be placed on administrative leave with pay for all or part of the period of notice.

Our test of termination payments made to five such employees identified three payments totaling \$308,000 that, based on the supporting documentation, were not made in accordance with the *Policy*. Specifically, the supporting documentation for these payments consisted of separation agreements that indicated that the employees had voluntarily resigned. Nevertheless, the termination agreements indicated that the separation payments were made under the aforementioned *Policy* which provides for compensation for administrative leave for involuntary separations.

While the termination documentation supports that these were voluntary resignations, CSU's legal counsel advised us that these were situations in which CSU initiated action to terminate these employees as involuntary terminations. CSU's legal counsel did not disclose the specifics of each situation, but stated that the voluntary terminations were a concession to the employees to avoid potential legal action against CSU. CSU believes that the *Policy* can be reasonably interpreted to include circumstances, such as these, in which the employee is permitted to voluntarily resign in lieu of known, certain discharge. However, the *Policy* provides for a period of notice to the employee only upon involuntary separation, and states that, with the approval of the President or designee, a period of notice is not required if termination is for cause, such as gross misconduct. Absent specific clarifying language by the BOR, we question CSU's interpretation of the *Policy*.

Recommendation 5

We recommend that CSU comply with the aforementioned BOR *Policy*.

Specifically, we recommend that CSU

- a. formally seek clarification of its interpretation of the *Policy* with the BOR or otherwise refrain from making termination payments under the *Policy* to regular exempt employees who voluntarily resign, and**
- b. consult with legal counsel regarding the potential to recover the aforementioned \$308,000.**

Information Systems Security and Control

Finding 6

Sensitive personally identifiable information (PII) maintained by CSU was stored without adequate safeguards.

Analysis

Sensitive PII maintained by CSU was stored in clear text. Specifically, as of August 1, 2018, we noted that a critical database containing student information stored 120,964 unique social security numbers in clear text along with names, addresses, and dates of birth. CSU personnel advised us that this sensitive PII was subject to other protective controls; however, our review determined these controls were not comprehensive. For example, although firewalls were set to generate alerts for suspected transfers of PII, they were not set to block such transfers.

This sensitive PII is commonly associated with identity theft. Accordingly, appropriate information system security controls need to exist to ensure that this information is safeguarded and not improperly disclosed.

The *USM IT Security Standards* state that USM institutions must utilize encryption for confidential data while the data are in transit or at rest on any media or apply compensating controls that are equally secure.

Recommendation 6

We recommend that CSU properly protect sensitive PII information by encryption or other substantial mitigating controls.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – Coppin State University (CSU) for the period beginning November 20, 2014 and ending July 24, 2018. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine CSU'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, student financial aid, corporate purchasing cards, and equipment. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to CSU by the USM Office and the University of Maryland, Baltimore on a centralized basis for several other units of USM, such as endowment accounting and bond financing, and processing of certain construction vendor payments, respectively. These support services are included within the scope of our audits of the USM Office and the University of Maryland, Baltimore. 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 CSU'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.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of CSU'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 expenditure and revenue 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). These 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 CSU'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.

CSU'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 CSU'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. A less significant finding was communicated to CSU that did not warrant inclusion in this report.

The response from the USM Office, on behalf of CSU, 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 // 301.445.2740

OFFICE OF THE CHANCELLOR

September 12, 2019

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

Re: University System of Maryland – Coppin State University
Period of Audit: November 20, 2014 through July 24, 2018

Dear Mr. Hook:

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 – Coppin State University. Our comments refer to the individual items in the report.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'R. Caret', written in a cursive style.

Robert L. Caret
Chancellor

Enclosures

cc: Dr. Mickey L. Burnim, Interim President, CSU
Mr. Stephen R. Danik, Vice President for Administration and Finance, CSU
Ms. Linda R. Gooden, 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

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Coppin State University**

Agency Response Form

Student Accounts and Financial Aid

Finding 1
Coppin State University (CSU) had not established adequate controls over student residency status changes, which could significantly impact a student’s tuition charges.

We recommend that CSU use available output reports of student residency changes recorded in its automated records to independently verify, at least on a test basis, the propriety of changes made (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 1	Agree	Estimated Completion Date:	12/20/2019
Please provide details of corrective action or explain disagreement.	Beginning fall 2020 admissions office staff will discontinue automatically designating all students as out-of-state. The change in practice will significantly decrease the numbers of residency changes. In addition, and as recommended, we will generate a report through the OIT to review any changes each semester on the first day of classes and the last day of classes. The report will be reviewed by the director of admissions; and a second level of review will be performed by the Vice President of Enrollment Management of Student Affairs.		

**University System of Maryland
Coppin State University**

Agency Response Form

Finding 2

CSU had not established sufficient controls to ensure the propriety of financial aid awards to students.

We recommend that CSU ensure that adjustments to student financial aid award amounts (repeat) and student cost of attendance budgets, as well as recordation of student financial aid application components, are subject to a documented independent review, at least on a test basis.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	<i>We agree with part one of finding. However, we disagree with part two of this finding.</i>		
Recommendation 2	Disagree	Estimated Completion Date:	12/20/2019
Please provide details of corrective action or explain disagreement.	<p>The corrective action plan for part one is as follows:</p> <p>To address part one of the recommendation, the Director of Financial Aid (or designee) will review 5 of every 100 awards that are adjusted. A log will be created and stored in a shared office file. This will be implemented for the 2019-2020 academic year.</p> <p>The financial aid office staff adjusted cost of attendance for 20 students out of an enrollment of approximately 2800 students. Budgets are not adjusted except in cases of extenuating circumstances. During the 2018-2019 academic year and prior to this audit Coppin State University added a Budget Appeals form. The student will be required to complete the form and submit it to the Office of Student Financial Aid for review. Each budget appeal will be reviewed and approved by the Director of Financial Aid prior to any changes. Once a decision has been made the counselor will take the appropriate action and the form and adjusted budget will be scanned for record retention.</p> <p>The corrective action for part two is as follows:</p> <p>During the 2017-2018 academic year Coppin established verification policies and procedures. As a part of the procedures the counselors were given a verification checklist that is completed with the adjustment information.</p>		

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	Beginning the 2018-2019 academic year Coppin contracted an approved third-party, Kentucky Higher Education Assistance Authority (KHEAA) to complete FAFSA verifications for Coppin students who were selected by Department of Education. As part of KHEAA verification process each student is subject to a quality assurance process that includes an independent review. The Director of Financial Aid receives an assurance reports and reviews them for institutional sufficiency.
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Auditor's Comment: In its response, CSU disagrees with the analysis regarding verifications of student financial aid application data. However, CSU's stated procedure to review assurance reports provided by its approved vendor, implemented subsequent to our audit, does not appear to provide the necessary assurance that verifications of student financial aid data were properly performed, that only valid results were recorded in student accounts, and that only proper account holds were removed from student accounts.

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Coppin State University**

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Finding 3

CSU had not established written eligibility criteria for the award of certain institutional need-based aid, which totaled \$2.2 million during fiscal years 2017 and 2018. In addition, student tuition remission was not considered when determining eligibility for aid and maximum award amounts.

We recommend that CSU establish written eligibility criteria for its institutional need-based financial aid program which addresses the intent of the program, eligible costs, the impact of other assistance received by the student (specifically including tuition remission), and student documentation requirements.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3	Agree	Estimated Completion Date:	9/30/2019
Please provide details of corrective action or explain disagreement.	Coppin State University will create an item type to account for tuition remission. This will provide a check and balance since payments will process through the financial aid packing system before posting to the students account. All financial aid sources are reviewed by the Office of Financial Aid prior to awarding the funds to the student.		

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Coppin State University**

Agency Response Form

Purchasing

Finding 4
CSU lacked adequate procedures to ensure that all purchase orders processed were valid, as two employees were unilaterally responsible for both initiating and approving 1,582 purchase orders totaling \$11.5 million.

We recommend that CSU establish adequate procedures to ensure that all purchase orders processed are proper. Specifically, we recommend that CSU either separate the aforementioned initiating and approval functions or, if not possible, establish a mitigating control. For example, CSU could use system generated output reports to verify the propriety of purchase orders initiated and approved by the same employee.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4	Agree	Estimated Completion Date:	10/15/2019
Please provide details of corrective action or explain disagreement.	<p>Coppin State uses requisitions for its procurement needs. Personnel authorized to procure materials and services on behalf of the University must prepare an electronic purchase requisition using PeopleSoft Financials, Coppin's procurement system. The requisition is electronically routed for the appropriate approvals and budget check. Once the requisition is approved and budget checked, a budget pre-encumbrance is created at the budget level and only based on that pre-encumbrance can a PO be created by CSU buyers. This process will hold an encumbrance amount until invoices are received and processed for payment. The PO created through requisition approval process replicates the details and dollar amount of the related requisition.</p> <p>Any exceptions to this process will be captured on a system generated exceptions report. The report will be routed electronically via email to Coppin State's Controller or their designee for their review of the propriety of the purchase order.</p>		

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Employee Termination Payments

Finding 5
CSU made termination payments totaling \$308,000 to three former employees that were not consistent with USM Board of Regents (BOR) policy.

We recommend that CSU comply with the aforementioned BOR *Policy*. Specifically, we recommend that CSU

- a. formally seek clarification of its interpretation of the *Policy* with the BOR or otherwise refrain from making termination payments under the *Policy* to regular exempt employees who voluntarily resign, and
- b. consult with legal counsel regarding the potential to recover the aforementioned \$308,000.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 5a	Agree	Estimated Completion Date:	FY 2020
Please provide details of corrective action or explain disagreement.	The University System of Maryland Office has indicated that it will be proposing a set of changes to the BOR Policy, including a clarification that makes clear the ability of USM institutions take actions associated with employee separations that are consistent with the best interests of the institution.		
Recommendation 5b	Agree	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	After consultation with the Educational Affairs Division of the Office of the Attorney General, the University has been advised that any actions which would nullify existing agreements with former employees could potentially subject the University to claims and costs that exceed the amounts already expended under the agreements.		

**University System of Maryland
Coppin State University**

Agency Response Form

Information Systems Security and Control

Finding 6
Sensitive personally identifiable information (PII) maintained by CSU was stored without adequate safeguards.

We recommend that CSU properly protect sensitive PII information by encryption or other substantial mitigating controls.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 6	Agree	Estimated Completion Date:	
Please provide details of corrective action or explain disagreement.	University met all standards as specified in the <i>USM IT Security Standards version 4.0 for storage and distribution of sensitive information and access control</i> . We also completed the encryption of the above-mentioned database in October 2018.		

Auditor's Comment: CSU responded that it met all USM IT security standards for storage of sensitive information. However, our analysis noted that we had reviewed CSU's protective controls, and we determined these controls were not comprehensive.

AUDIT TEAM

Robert A. Wells, Jr., CPA
Audit Manager

Richard L. Carter, CISA
R. Brendan Coffey, CPA, CISA
Information Systems Audit Managers

Abdullah I. Adam, CFE
Senior Auditor

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

Keli R. Edmonds
John B. Wachter, CFE
Staff Auditors

Roman J. Gouin
Information Systems Staff Auditor