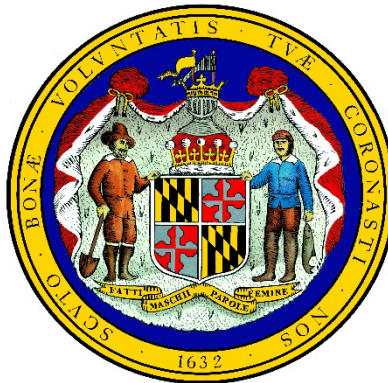


Audit Report

University System of Maryland Coppin State University

November 2023



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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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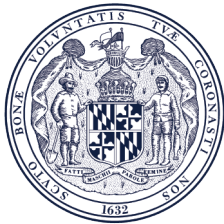
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Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA
Legislative Auditor

November 1, 2023

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

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – Coppin State University (CSU) for the period beginning July 25, 2018 and ending June 30, 2022. 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 including a doctoral level program in Nursing Practice.

Our audit disclosed that CSU should establish or enhance existing procedures to ensure that financial assistance is awarded to those students most in need of aid. Specifically, CSU awarded Higher Education Emergency Relief Funds to students without consideration of individual student cost of attendance and financial need, and additional hardship assistance grants were awarded to students who did not appear to meet eligibility criteria. In addition, CSU did not have formal written guidelines for certain institutional need-based aid and could not provide required support for certain financial aid awards to justify the propriety of the award.

Additionally, CSU did not obtain Board of Public Works approval for its food service vendor contract, as required by State law, and did not ensure that the vendor remitted all required commissions. Furthermore, CSU's reviews of changes to student residency status were either not performed or when performed were not sufficiently comprehensive. Our audit also disclosed that CSU did not have adequate controls over collections totaling \$4.8 million in fiscal year 2022.

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

The USM Office's response to this audit, on behalf of CSU, 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 the audit issues. While USM generally agrees with the recommendations in this report, the response includes a disagreement with certain conclusions included in our analysis. In accordance with generally accepted government auditing standards, we have included an "auditor's comment" to further explain our position.

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 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 including a doctoral level program in Nursing Practice. Student enrollment for the fall 2022 semester totaled 2,006, consisting of 1,757 undergraduate students and 249 graduate students. Approximately 85 percent of CSU's student enrollment for the fall 2022 semester was classified as in-state and 15 percent was out-of-state.

CSU's budget is funded by unrestricted revenues, such as tuition and fees and a State general fund appropriation, and restricted revenues, such as federal grants and contracts. According to the State's records, CSU's revenues for fiscal year 2022 totaled approximately \$104 million, including a State general fund appropriation of approximately \$43.9 million. As of June 30, 2022, approximately 16 percent of CSU's positions were vacant (see Figure 1 on the following page). The vacancies included certain positions which may have contributed, at least in part, to some of the issues identified in this report.

Figure 1
CSU Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2022		
	Positions	Percent
Filled	350	83.9%
Vacant	67	16.1%
Total	417	
Fiscal Year 2022 Expenditures		
	Expenditures	Percent
Salaries, Wages, and Fringe Benefits	\$ 44,533,001	42.8%
Technical and Special Fees	6,165,847	5.9%
Operating Expenses	53,317,727	51.3%
Total	\$104,016,575	
Fiscal Year 2022 Funding Sources		
	Funding	Percent
<u>Unrestricted</u>		
General Fund	\$ 43,909,646	42.2%
Tuition and Fees	12,068,774	11.6%
Other University Revenues ¹	16,877,345	16.2%
	72,855,765	70.0%
<u>Restricted</u>		
Federal Grants and Contracts	29,623,870	28.5%
Other Gifts, Grants and Contracts	1,536,940	1.5%
	31,160,810	30.0%
Total	\$104,016,575	

Source: State financial records and CSU personnel records

¹ Includes revenues from Auxiliary Services (\$8.4M) and from the Higher Education Investment Fund (\$4.1M).

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the six findings contained in our preceding audit report dated September 23, 2019. As disclosed in Figure 2, we determined that CSU satisfactorily addressed five of these findings. The remaining finding is repeated in this report.

Figure 2
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	CSU had not established adequate controls over student residency status changes, which could significantly impact a student's tuition charges.	Not repeated
Finding 2	CSU had not established sufficient controls to ensure the propriety of financial aid awards to students.	Not repeated
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 the maximum award amounts.	Repeated (Current Finding 2)
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.	Not repeated
Finding 5	CSU made termination payments totaling \$308,000 to three former employees that were not consistent with USM Board of Regents policy.	Not repeated
Finding 6	Sensitive personally identifiable information maintained by CSU was stored without adequate safeguards.	Not repeated

Findings and Recommendations

Student Financial Aid

Background

During fiscal year 2022, Coppin State University (CSU) disbursed financial aid to students totaling approximately \$22.8 million, including \$15.5 million in federal aid, \$5 million in institutional aid, \$1.6 million in State aid, and \$735,000 in private aid. In addition to the aforementioned aid, during our audit period a significant amount of financial aid scholarships were awarded from federal Higher Education Emergency Relief Funds (HEERF) which were to, in part, provide assistance grants to students as a result of the COVID-19 pandemic. Three different rounds of HEERF assistance were authorized by federal legislation, which are referred to as HEERF I, HEERF II, and HEERF III. In total, CSU received and distributed to students approximately \$13 million in HEERF assistance which included \$63,000 in additional financial hardship assistance awarded on a case-by-case basis and that required an application. See Figure 3 for the details of how CSU used these funds relating to student accounts.

Figure 3
Higher Education Emergency Relief Funds for Students

HEERF Assistance	Amount Disbursed	Number of Students Participating	Amount for Full-Time Students	Amount for Part-Time Students	Semesters
Direct Payments to Students					
HEERF I	\$ 1,363,953	2,179	\$ 735	\$345	Spring 2020
HEERF II	1,363,953	1,932	\$ 840	\$445	Spring 2021
HEERF III	4,160,291	1,967	\$1,175	\$775	Fall 2021
		1,767	\$1,400	\$870	Spring 2022
Subtotal	\$ 6,888,197				
Tuition Credit					
HEERF III	\$ 2,413,200	2,011	\$1,200		Fall 2021
	2,127,600	1,773	\$1,200		Spring 2022
Subtotal	\$ 4,540,800				
Student Debt Relief					
HEERF III	\$ 1,518,806	662	\$1 to \$12,964		Fall 2020 through Winter 2021
Additional Financial Hardship Assistance					
HEERF III	\$ 62,689	28	Assistance payments ranged from \$341 to \$3,247		Summer and Fall 2021
Total	\$13,010,492				

Source: CSU records

Given the significance of the HEERF funds during the audit period and the impact on virtually every CSU student, our review of financial aid focused on the procedures and controls for awarding those funds. We also followed up on our prior finding related to institutional need-based aid.

Finding 1

CSU awarded most HEERF grants without consideration of individual student cost of attendance and financial need, and additional hardship assistance grants were awarded to students who did not appear to meet eligibility criteria.

Analysis

CSU awarded most HEERF grants without consideration of an individual student's cost of attendance and actual financial need, and additional hardship assistance grants were awarded to students who did not appear to meet eligibility criteria.

Individual Cost of Attendance and Financial Need Was Not Considered

CSU awarded most HEERF grants without consideration of individual student cost of attendance (which includes tuition and fees, room and board, transportation, and certain other necessary expenses) and actual financial need. Rather, CSU provided the vast majority of its HEERF student aid in equal predetermined amounts to every enrolled student, distinguishing only between full-time and part-time status. For example, for the Fall 2021 semester, all full-time students received a \$1,175 grant and all part-time students received a \$775 grant. In addition, for the same semester, all students received a \$1,200 credit to their account regardless of the student's actual cost of attendance.

Students whose costs of attendance were paid in part or whole by other means - such as other scholarships or the University System of Maryland (USM) tuition remission policy for employees, spouses, and dependents - and students with lighter course loads (lower tuition costs) were less likely to have needed the same HEERF funding, and consequently more likely to have received a refund of that aid. We noted that one part-time graduate student who took six credits in the Fall 2021 semester and incurred total tuition and fee charges of approximately \$2,900 received the same HEERF funding as all other part-time students (defined as taking up to 8 credits for graduate students and 11 credits for undergraduate students) in spite of also receiving other scholarships totaling approximately \$9,000. That student received a cash refund of \$8,111 for the semester. Based on CSU's method for distributing HEERF funds, there was no assurance that any such aid included in the refund was needed by the student to meet their cost of attendance.

In addition, certain individuals appeared to have taken advantage of the USM tuition remission policy and HEERF funding for financial benefit. Specifically, we noted three CSU employees who enrolled in just one class (three credits) for two semesters for which HEERF funds were awarded and received the same HEERF payments and credits as all part-time students, as well as remission of their tuition costs. As a result, these individuals each received cash refunds for these two semesters, which for all three totaled \$8,390. None of these three employees were enrolled in the semester prior or subsequent to the aforementioned semesters, and each employee was classified as a non-degree seeking student.

We also found that CSU's methodology for awarding the HEERF funds was not as restrictive as other USM institutions contacted. We contacted two other USM institutions and were advised that each had established procedures to consider individual student financial need, including other assistance, when awarding HEERF aid.

Additional Hardship Grants were Awarded to Potentially Ineligible Students

CSU awarded additional hardship grants to potentially ineligible students using HEERF funds. CSU management advised the additional hardship grants² were made available to students who were eligible for federal Pell grant funding and submitted an application for this additional assistance that demonstrated the need for the funds. CSU received 181 applications for an additional hardship grant and awarded grants totaling approximately \$63,000 to 28 students.

Our review of the 28 students disclosed 9 were not Pell eligible and had not, in our opinion, demonstrated an "exceptional need" (CSU had not defined "exceptional need"). For example, we noted one student, the child of a CSU management employee, was awarded a grant for \$3,247. In addition, the student had only applied for a grant of \$2,500. The student had no tuition costs because they were receiving USM tuition remission, and the stated reasons specified for the hardship grant included to fix a car and to buy a computer, which in our opinion, did not seem consistent with the intent of the grant. In total, this student received HEERF aid of \$5,622 for the Fall 2021 semester, and a cash refund of \$8,299.

² These grants were reported by CSU as being funded by the American Rescue Plan (HEERF III), which according to federal law should be allocated with the same terms and conditions as the Coronavirus Response and Relief Supplemental Appropriations Act (HEERF II). Under that act, institutions receiving HEERF may use the funds to provide financial aid grants to students. In making financial aid grants to students, an institution shall prioritize grants to students with exceptional need, such as students who receive Pell grants.

The award of these grants to students who were not Pell eligible is significant, because there were Pell eligible students among the 153 who had applied for and were denied the additional hardship grants. Specifically, our review of 15 applicants who were Pell eligible but were denied the additional hardship grant disclosed several who appear to have been denied because they were receiving other aid, including one student who had previously received a waiver of tuition due to being a foster child. This justification for denying the grants does not appear to have been consistently applied by CSU, given the award to the aforementioned student who was receiving USM tuition remission.

Recommendation 1

We recommend that CSU

- a. develop criteria to ensure that aid intended solely for the purpose of meeting student financial need is distributed based on a specific determination of each student's unmet need, including consideration of other sources of assistance, such as tuition remission, and number of credits being taken; and**
- b. follow established eligibility criteria for distributing student aid.**

Finding 2

CSU did not have required formal written policy guidelines including eligibility criteria for the award of certain institutional need-based financial aid and could not provide required support for certain financial aid awards to justify the propriety of the award.

Analysis

CSU did not have formal written policy guidelines, required by USM Board of Regents policy, including eligibility criteria for the award of institutional need-based financial aid, which totaled \$1 million during fiscal year 2022. In addition, CSU could not provide required support for certain financial aid awards to justify the propriety of the award. We reviewed the CSU need-based institutional aid, which according to CSU's records, was awarded to 320 students during fiscal year 2022 in amounts that generally ranged between \$1,000 and \$5,000 for each aid year.

- CSU could not provide formal written policy guidelines including criteria for the financial aid award programs tested. Accordingly, we found these financial aid awards to be highly subjective and susceptible to inconsistencies. Subsequent to our current inquiries, CSU drafted certain eligibility criteria, but it omitted important information, such as the intent of the program, eligible costs, and the impact of other assistance received. Furthermore, the

criteria provided that “the Director of Financial Aid may allocate this aid based on professional judgment,” without any guidelines for determining the amount allocated or independent review and approval of this decision.

- Our review of 12 students who had been awarded institutional need-based aid totaling \$40,244, disclosed 3 students who received \$7,362 in aid for which CSU could not provide the required aid application from the student. Another student who received \$3,000 in aid, submitted an application stating that the aid was needed because “living away from home and school is expensive” without any other support for the financial need.

The USM Board of Regents *Policies and Procedures* require each USM institution to develop policy guidelines for the award of institutional financial aid to undergraduate students that specifically include the criteria for awarding such aid. The lack of formal eligibility criteria was commented upon in our preceding audit report. In response to that report, USM, on behalf of CSU, indicated that written eligibility criteria would be included in CSU’s policy and procedures manual by spring of 2020. However, as noted above, CSU could not provide any documentation of the formal eligibility criteria.

Recommendation 2

We recommend that CSU

- a. establish required formal written policy guidelines for institutional financial aid including eligibility criteria, as well as the intent of the program, eligible costs, the impact of other assistance received by the student, student documentation requirements, and clarification on the use, review, and approval of professional judgment when awarding aid (repeat); and**
- b. obtain the required documentation to support the propriety of financial aid awards, including for those noted above.**

Procurement and Disbursements

Finding 3

CSU did not obtain Board of Public Works (BPW) approval for its food service vendor contract as required by State law, and did not ensure that the vendor remitted all required commissions.

Analysis

CSU did not obtain required BPW approval for its food service vendor contract, as required by State law, and did not ensure that the vendor remitted all required

commissions. The current contract term is August 1, 2019 to July 31, 2024, and as of June 2022, CSU had paid the vendor approximately \$6.6 million. State law requires universities with service contracts valued over \$1 million to obtain BPW approval. CSU management advised us that, under USM Board of Regents *Procurement Policies and Procedures*, BPW approval was not required for the food service contract because it was a revenue generating contract. However, in response to our inquiry, BPW personnel advised us that this food service contract would be considered a service contract and require BPW approval, and that other USM institutions have submitted similar contracts to BPW for approval in the past.

In addition, CSU did not verify that the vendor submitted required commissions due to the lack of available sales reports from the automated point of sales system used by the vendor to record sales during the audit period. The food service contract required the vendor to pay CSU the greater of 9.25 percent of the annual revenue from certain specified sources (such as internal and external catering, summer camps, and concessions), or \$250,000. Although during fiscal year 2022 CSU received commissions totaling \$258,813 from the vendor, we were unable to verify the completeness of commissions received due to the lack of the aforementioned sales reports.

Recommendation 3

We recommend that CSU

- a. submit all service contracts over \$1 million to BPW for approval as required, including the food service contract; and**
- b. generate sales reports and use them to verify that all required commissions are received from the vendor.**

Student Residency Status

Finding 4

CSU's reviews of changes to student residency status were either not performed or when performed were not sufficiently comprehensive.

Analysis

CSU's reviews of changes to student residency status processed by the Office of Records and Registration were either not performed or were not sufficiently comprehensive. Specifically, no reviews were conducted prior to February 2022 and reviews conducted subsequent to that period did not include a review of the supporting documentation to ensure the determinations were proper. In July 2022, CSU began to retroactively review output reports of changes made since

February 2022. However, the reviews were not sufficient since they did not include an examination for and of adequate supporting documentation, such as proof of in-state residency submitted by the student.

Our review of five residency changes from out-of-state to in-state disclosed one student for whom there was no documentation to support they were eligible for in-state status. Specifically, the documentation submitted stated that the student's primary reason for moving to Maryland was to attend CSU. The student received in-state tuition for two semesters prior to leaving CSU.

The USM 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 set forth in the *Policy*.³ 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 charges for the Fall 2022 semester totaled \$2,418 for Maryland residents (in-state) and \$5,746 for nonresidents (out-of-state).

Recommendation 4

We recommend that CSU

- a. conduct comprehensive reviews of residency status changes, at least on a test basis, including those prior to February 2022; and**
- b. take appropriate corrective action for any unsupported changes, including the unsupported change noted above.**

Cash Receipts

Finding 5

CSU did not have adequate controls over collections totaling \$4.8 million in fiscal year 2022. Specifically, certain critical cash receipts functions were not adequately separated, and independent deposit verifications were not performed.

Analysis

CSU did not establish adequate controls over collections which, according to records provided by CSU, totaled \$4.8 million in fiscal year 2022 (\$3.2 million in

³ In August 2023, CSU announced that it will implement a new policy, effective for the Fall 2024 semester, that will make certain new out-of-state full-time undergraduate students eligible to pay in-state tuition rates. This policy change was approved by the USM Board of Regents in April 2023. This policy change will not apply to students currently enrolled at CSU.

cash and checks, and \$1.6 million in online payments). Specifically, our review disclosed the following conditions:

- The employee who verified that all cash and checks were subsequently deposited was not independent since they participated in the cash register closeout and had access to the collections prior to deposit.
- CSU did not use available reports of online payments processed by its third-party vendor to verify that all online payments were deposited into the State's bank account. Our test of 10 online payments disclosed that all were deposited into the State's bank account.

The Comptroller of Maryland's *Accounting Procedures Manual* requires an independent verification of collections from the initial point of recordation to amounts deposited.

Recommendation 5

We recommend that CSU

- a. ensure an employee independent of the collection process verifies all collections received at CSU are deposited intact, and**
- b. use available reports of online payments processed by its third-party vendor to verify that all such payments were deposited into the State's bank account.**

We advised CSU on how to accomplish the proper segregation of duties using existing personnel.

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 July 25, 2018 and ending June 30, 2022. 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 procurements and disbursements, student accounts receivable, cash receipts, student financial aid, payroll, corporate purchasing cards, and information systems security and control. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to CSU by the USM Office, such as bond financing and endowment accounting, and by the University of Maryland Baltimore (UMB), such as processing vendor payment transmittals and payroll, and capital project management. These support services are included within the scope of our audits of the USM Office and UMB, respectively. 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 the USM.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of July 25, 2018 to June 30, 2022, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of CSU's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data), 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 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. 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 CSU, 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 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. Other less significant findings were 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.

OFFICE OF ADMINISTRATION AND FINANCE

October 27, 2023

Mr. Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

Re: University System of Maryland – Coppin State University
Period of Audit: July 25, 2018 through June 30, 2022

Dear Mr. Hook,

Thank you for the work of your team and the recommendations you provided. I have enclosed the revised 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,



Ellen Herbst
Senior Vice Chancellor for Administration and Finance

Enclosures

cc: Dr. Anthony L. Jenkins, President, CSU
Ms. Linda R. Gooden, Chair, University System of Maryland Board of Regents
Mr. Louis M. Pope, University System of Maryland Board of Regents
Dr. Jay A. Perman, Chancellor, University System of Maryland
Ms. Celeste Denson, Associate Vice Chancellor for Financial Affairs, USM Office
Mr. David Mosca, Vice Chancellor for Accountability, USM Office
Mr. Michael C. Eismeier, Associate Vice Chancellor and CIO, USM Office
Ms. Samantha Norris, Director, Financial Planning and Analysis, USM Office
Mr. Stephen Danik, Vice President, Administration and Finance, CSU

University System of Maryland Coppin State University

Agency Response Form

Student Financial Aid

Finding 1

CSU awarded most HEERF grants without consideration of individual student cost of attendance and financial need, and additional hardship assistance grants were awarded to students who did not appear to meet eligibility criteria.

We recommend that CSU

- a. develop criteria to ensure that aid intended solely for the purpose of meeting student financial need is distributed based on a specific determination of each student's unmet need, including consideration of other sources of assistance, such as tuition remission, and number of credits being taken; and**
- b. follow established eligibility criteria for distributing student aid.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	Coppin State University followed the guidelines provided by the federal government related to the distribution of Supplemental Grant Funds for Students. In one specific section of the guidelines, it reads "The Secretary does not consider these individual financial aid grants to constitute Federal financial aid under Title IV of the Higher Education Act (HEA)." Hence there is no requirement to follow established criteria for distributing student aid. In addition, the U.S. Dept. of Education provided this language "HEERF-student share dollars are to aid students for expenses related to the disruption of campus operations due to the coronavirus; this is different than a change in a student's financial need..." This language further differentiates these funds from financial aid dollars.		
Recommendation 1a	Agree	Estimated Completion Date:	May 2024
Please provide details of corrective action or explain disagreement.	If similar funds are provided by the Federal Government in the future, CSU will follow Federal Guidelines and CSU Financial Aid criteria to the extent that it does not contradict Federal guidelines.		
Recommendation 1b	Agree	Estimated Completion Date:	May 2024
Please provide details of corrective action or explain disagreement.	Student aid will be distributed based on criteria developed in responses 2a and 2b and 1a if applicable.		

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Finding 2

CSU did not have required formal written policy guidelines including eligibility criteria for the award of certain institutional need-based financial aid and could not provide required support for certain financial aid awards to justify the propriety of the award.

We recommend that CSU

- a. establish required formal written policy guidelines for institutional financial aid including eligibility criteria, as well as the intent of the program, eligible costs, the impact of other assistance received by the student, student documentation requirements, and clarification on the use, review, and approval of professional judgment when awarding aid (repeat); and**
- b. obtain the required documentation to support the propriety of financial aid awards, including for those noted above.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 2a	Agree	Estimated Completion Date:	May 2024
Please provide details of corrective action or explain disagreement.	<p>Coppin State University (CSU) will develop an independent financial aid advisory committee to review and implement policies and procedures for awarding all need-based aid award programs. The independent financial aid advisory committee will comprise campus constituents from various departments such as Athletics, Academic Affairs, Administration and Finance, and Enrollment Management and Student Affairs. The Director of Financial Aid will serve as an ex-officio advisor of this committee. All need-based aid funding sources will have policies that describe 1) the intent of the program, 2) outline awarding criteria, i.e., need, merit, residency status, etc., 3) selection criteria, 4) awarding process and exception criteria, 5) review and reconciliation 6) reporting process.</p> <p>1a) the program's intent will describe each fund's purpose, source, awarding timelines, and outcomes expectations if applicable.</p>		

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	<p>2a) The awarding criteria will include the following: a review of the cost of attendance, a review of the recipients' receipt of other funding (internal and external), a calculation of need, academic attributes, residency status, housing status, frequency, and required documentation.</p> <p>3a) The selection criteria will document the adherence to the awarding criteria and define how competitive awards are decided.</p> <p>4a) The awarding of students will be determined by an established awarding formula for each award type. The awarding appeal process, if needed by the funding types, will be defined, and include an outline of any required supplemental documentation and procedures. To eliminate the utilization of individual professional judgment, the independent financial aid advisory committee will assist in determinations on need-based funding exceptions during the selection and awarding process.</p> <p>5a) Internal checks and balances will consist of a review of all funds awarded and will be managed following the timeline established for each award.</p> <p>6a) A report of funding activities for each fund type will be provided to the independent financial aid advisory committee quarterly. The committee will report to CSU leadership on proper institutional aid management.</p> <p>The Student Financial Planning (SFP) system will support CSU's execution of the management, selection, awarding, and reconciling of all need or merit-based funding types.</p>		
Recommendation 2b	Agree	Estimated Completion Date:	May 2024
Please provide details of corrective action or explain disagreement.	<p>The policies and procedures developed and implemented [a manual] by the independent financial aid advisory committee, as noted in [recommendation A], will adhere to any obtained federal, State, or institutional restrictions and document the support and awarding of all funds. Examples of documents that will be requested include the Additional Financial Aid document, documents to verify residency, documentation related to dependency status, employment status documentation with income information, housing status or statements from social service agencies about housing insecurity, a statement from a third party (i.e., social services), loss of job (i.e., termination letter, information from the state department of labor), birth certificates or adoption certificate for new family member, or notice of death for loss of family member. The documentation is stored on two secured institutional platforms: the Student Financial Planning (SFP) system and ImageNow.</p>		

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	As noted in [recommendation B], Coppin State's implementation of these practices will assist with the awarding of students accurately. Coppin State will continue to investigate and locate documentation for the (5) student files reviewed during this process.
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Procurement and Disbursements

Finding 3 CSU did not obtain Board of Public Works (BPW) approval for its food service vendor contract as required by State law, and did not ensure that the vendor remitted all required commissions.

We recommend that CSU

- a. submit all service contracts over \$1 million to BPW for approval as required, including the food service contract; and
- b. generate sales reports and use them to verify that all required commissions are received from the vendor.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3a	Agree	Estimated Completion Date:	Unknown
Please provide details of corrective action or explain disagreement.	Coppin State University is a constituent institution within the University System of Maryland. As such it is required to adhere to the policies and procedures established by the USM Board of Regents. At the time CSU entered its food service contract, it adhered to the existing BOR approved USM Procurement Policies and Procedures which specifically lists revenue generating contracts as an exclusion to USM Procurement Policies. If there is a change in USM Procurement Policies and Procedures relative to revenue		

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	generating contracts, Coppin State will adhere to the amended policies and procedures established at such time.
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Auditor's Comment: Although the response indicates agreement, the response further states that CSU adhered to USM Procurement Policies and Procedures regarding its food service contract. Specifically, the response implies that, under current USM Procurement Policies and Procedures, CSU did not need to and will not submit its food service contract to BPW for approval. However, as indicated in the finding, BPW personnel advised us that the contract would be considered a service contract requiring BPW approval. As such, we continue to believe and recommend that food service contracts be submitted to BPW when exceeding the established dollar threshold. Given the advice we were provided by BPW, we also believe the related USM policy should be clarified.

Recommendation 3b	Agree	Estimated Completion Date:	Sept. 2023
Please provide details of corrective action or explain disagreement.	Coppin State is running sales reports from the POS system and utilizing these reports to verify all commissionable sales and ensure accurate reconciliations of commission payments from its food service vendor. The reconciliation of the sales report to commission sales is being prepared by staff monthly and reviewed by the supervisor.		

Student Residency Status

Finding 4 CSU's reviews of changes to student residency status were either not performed or when performed were not sufficiently comprehensive.

We recommend that CSU

- a. conduct comprehensive reviews of residency status changes, at least on a test basis, including those prior to February 2022; and
- b. take appropriate corrective action for any unsupported changes, including the unsupported change noted above.

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Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	<p>The institution has reviewed the finding and concurs with the stated finding.</p> <p>In June 2023, the Records and Registration Office and the Office of Information Technology (IT) provided a subsequent Residency Change Report, Residency Code Log, and a live screenshot of the test sample pulled for residency data to confirm the accuracy of the residency change process and data provided during the on-site audit.</p>		
Recommendation 4a	Agree	Estimated Completion Date:	Spring 2024
Please provide details of corrective action or explain disagreement.	<p>The initial residency determination is handled during a student's admission process by the Office of Admissions and must be confirmed by the first day of classes for their (a student's) selected semester starts. After that, a student would petition the Office of Records and Registration if an additional review is required. The Office of Records and Registration will review each student petition on a case-by-case basis and will provide follow-up, an outcome, and an appeal process (if required) to a student. As noted in [recommendation A], The administrative assistant will periodically review residency changes made in the Office of Records and Registration and reviewed monthly by the Registrar to review prior student residency petition changes. The review process will be updated to include the following steps:</p> <ol style="list-style-type: none"> 1. Pull the Residency Audit Report the first week of the month to review the prior month's changes. 2. Check the Residency Folder for each student changed by the Office of Records and Registration to verify the Residency Change Form has been completed and signed and that all appropriate documentation is included as outlined in the Residency Petition Application. 3. Verify in EagleLinks (Student Information System SIS) that the change has been made on the residency page. <p>Once the steps have been completed for the Residency Audit Monthly Review, the form is filled out by the Administrative Assistant and then verified and signed by the Registrar. In addition, the residency monthly review will be reviewed and verified by the Vice President of Enrollment Management and Student Affairs. CSU will review residency status changes that occurred prior to</p>		

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	February 2022 on an as-needed basis. CSU will continue to review petitions and appeals submitted by enrolled students.		
Recommendation 4b	Agree	Estimated Completion Date:	Spring 2024
Please provide details of corrective action or explain disagreement.	<p>This review process will be conducted by the Administrative Assistant in Records and Registration, reviewed, and verified by the Registrar, and subsequently reviewed and verified by the Vice President of Enrollment Management and Student Affairs. Additional corrective action will work to incorporate the residency form processes within the Application for Admission to adequately capture a student's residency earlier in the Admissions process and not to require changes.</p> <p>All corrective action will be implemented and addressed as outlined in [recommendation A]. The described monthly audit will be performed by the Administrative Assistant in the Office of Records and Registration. The Registrar will approve the audit. The Vice President of Enrollment Management and Student Affairs will verify the monthly check. The Registrar will oversee the changes required to implement these steps, with status updates provided twice monthly to the Vice President of Enrollment Management and Student Affairs.</p> <p>As noted in [recommendation B], Coppin will be consulting with the AG's Office on whether a student's record who has an inaccurate (non-documented or supporting documentation) of a residency changed during July 28, 2018, and ending June 30, 2022, to investigate if Coppin is to retroactively alter (correct) a student(s) residency who is/are still currently enrolled, or a student(s) who is/are no longer enrolled. Coppin will implement appropriate corrective actions upon guidance from the AG's Office.</p>		

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Cash Receipts

Finding 5

CSU did not have adequate controls over collections totaling \$4.8 million in fiscal year 2022. Specifically, certain critical cash receipts functions were not adequately separated, and independent deposit verifications were not performed.

We recommend that CSU

- a. ensure an employee independent of the collection process verifies all collections received at CSU are deposited intact, and**
- b. use available reports of online payments processed by its third-party vendor to verify that all such payments were deposited into the State's bank account.**

We advised CSU on how to accomplish the proper segregation of duties using existing personnel.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 5a	Agree	Estimated Completion Date:	Dec. 2023
Please provide details of corrective action or explain disagreement.	<p>The independent review to verify that all cash and checks were subsequently deposited will be performed by a member in the General Accounting unit instead of the Bursar unit. Transitioning the monthly bank reconciliation to this unit will provide the recommended independence as relates to daily cash transactions.</p>		
Recommendation 5b	Agree	Estimated Completion Date:	May 2023
Please provide details of corrective action or explain disagreement.	<p>The information staff have been using in the vendor portal is now being printed daily as evidence of the existing verification process of all payments deposited into the State's bank account and serves as source documentation for the daily payments as well as the monthly banking reconciliation. The corrective action was implemented immediately to resolve any future concerns.</p>		

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