



Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA  
Legislative Auditor

May 2, 2024

Senator Guy J. Guzzone, Chair  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair  
House Appropriations Committee  
Lowe House Office Building, Room 121  
6 Bladen Street  
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by Morgan State University (MSU) to resolve the five repeat findings in our September 22, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2023 *Joint Chairmen's Report* (JCR), page 192. The JCR required that, prior to the release of \$500,000 of its administrative appropriation for fiscal year 2024, MSU must take corrective action on all repeat audit findings on or before November 1, 2023. The JCR language further provided that OLA submit a report to the budget committees listing each audit finding along with a determination that each finding was corrected. The OLA report is required to be submitted to allow 45 days for the budget committees to review and release the funds prior to the end of the fiscal year.

The September 22, 2022 audit report of MSU contained five repeat audit findings (findings 1, 2, 3, 7, 8) that were addressed by nine recommendations. In accordance with the April 2023 JCR requirement, MSU provided a status report to OLA, dated November 27, 2023, which indicated it had fully corrected four of the findings and all but one recommendation (**Exhibit 1**). We have edited MSU's status report to remove certain vendor information, as allowed by our policy.

We reviewed the MSU status report and related documentation, performed limited tests and analyses of the information, and held discussions with MSU personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards.

This public letter differs from the confidential letter previously provided to the addressees, as detailed information and exhibits necessary for the budget committees to review and comment on the relevant information has been redacted. This redaction was undertaken in accordance with the State Government Article Section 2-1224(i), of the Annotated Code of Maryland.

Based on our review, for the component parts of four non-cybersecurity-related findings we determined that MSU had resolved certain elements of Finding 1 and Finding 2, but had not yet taken sufficient actions to correct Findings 3 and 7. Specifically, although MSU had implemented certain elements of the recommendations related to Findings 3 and 7, the actions to date did not address the entirety of the findings (**Exhibit 2**). Although, we concluded that corrective action is still in progress (**Exhibit 3**), we did find that the actions taken to date demonstrate a significant effort on MSU's part to implement the audit recommendations.

After discussing our review results, MSU generally agreed with the accuracy of the information presented. We wish to acknowledge the cooperation extended to us during the review by MSU. We also wish to acknowledge MSU's willingness to address the audit issues and implement appropriate corrective actions. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,



Gregory A. Hook, CPA  
Legislative Auditor

cc: Senator Clarence K. Lam, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Joint Audit and Evaluation Committee Members and Staff  
Senator William C. Ferguson IV, President of the Senate  
Delegate Adrienne A. Jones, Speaker of the House of Delegates  
Governor Westley W. Moore  
Comptroller Brooke E. Lierman  
Treasurer Dereck E. Davis  
Attorney General Anthony G. Brown  
Kweisi Mfume, Board of Regents Chairman, MSU  
David K. Wilson, President, MSU  
Abraham Mauer, Director of Internal Audits, MSU  
David Lachina, Interim Executive Vice President of Finance and Administration, MSU

Deborah Flavin, Associate Vice President of Finance and Administration, MSU  
Victoria L. Gruber, Executive Director, Department of Legislative Services  
Kelly K. Norton, Policy Analyst, Department of Legislative Services

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen



*Office of the President*

November 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

Dear Mr. Hook:

As requested in your letter dated November 13, 2023, please find enclosed our status report detailing the corrective actions that have been taken to implement the recommendations for all the repeat findings in the September 22, 2022 audit report. We believe that we have resolved each finding; however, we are requesting a short extension through April 2024 to fully resolve Issue 7d. Please know that we take the recommendations very seriously and want to ensure we address each component comprehensively.

Thank you for your partnership and continued support.

Kind regards,

David K. Wilson  
President

Enclosure

cc: Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Joint Audit and Evaluation Committee Members  
Senator Guy J. Guzzone, Chair, Senate Budget and Taxation Committee  
Delegate Benjamin S. Barnes, Chair, House Appropriations Committee  
Honorable Helene T. Grady, Secretary, Department of Budget and Management  
Victoria L. Gruber, Executive Director, Department of Legislative Services  
Abraham Mauer, Director, Internal Audit and Management Review, MSU

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Student Accounts Receivable

#### Finding 1

MSU did not adequately monitor the vendor responsible for disbursing student refunds to ensure the refunds were properly issued and unissued refunds were returned.

**Confidentiality Notice – Elements of Finding 1 have been deemed to be cybersecurity-related and subject to redaction in the publicly available report.**

#### Recommendation 1a

We recommend that MSU perform independent reviews to ensure the vendor properly issued refunds to students and returned any amounts not disbursed (repat).

Status of Recommendation 1a			
Status as of 11/1/2023	Completed	Completion Date:	September, 2023
Please provide details of corrective action taken.	The University has implemented the corrective action plan, as recommended by the Office of Legislative Audits (OLA). The Office of the Bursar has implemented a process to independently ensure that the vendor returns any amount not disbursed to students. This review is documented. More specifically, reports from three systems are independently reconciled and documented – University ERP system, third-party student refund management system, and State of Maryland’s Financial Management Information System (FMIS) – to ensure student refund payments that were authorized by the University were disbursed properly and any amounts not disbursed are returned to the University (e.g., student did not enter the correct bank routing number for direct deposit or a check went stale and was not deposited within the required timeframe).		

#### Recommendation 1c

Redacted cybersecurity recommendation.

Status of Recommendation 1c			
Status as of 11/1/2023	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Finding 2

MSU did not independently verify the propriety of adjustments to student room and board charges, certain of which were not processed in accordance with MSU policy.

### Recommendation 2a

We recommend that MSU ensure that adjustments to student room and board charges are properly supported and subject to an effective independent supervisory review for propriety after being recorded in MSU's automated records (repeat).

Status of Recommendation 2a			
Status as of 11/1/2023	Completed	Completion Date:	August, 2022
Please provide details of corrective action taken.	The University has implemented the corrective action plan by ensuring adjustments to student room and board charges are properly supported and subject to an effective independent supervisory review for propriety after being recorded in the automated system. More specifically, a supervisor, who is independent of the business process and does not have access in the automated system to post adjustments, has reviewed all room and board adjustments which were executed in the Fall 2021 (i.e., the start of the current audit period) through the Spring 2023 semesters for propriety by ensuring those adjustments were properly authorized, supported, and accurately computed and posted. This independent review was conducted only after the transactions were entered to the system and is based on system output reports. The independent review is effective and documented sufficiently. This review is conducted at the end of each semester.		

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Finding 3

Reviews of changes to student residency status were either not documented or not independent; and certain changes were not subject to review because system output reports used for this purpose were incomplete.

### Recommendation 3

We recommend that MSU ensure that independent documented supervisory reviews of student residency changes are performed using output reports that include all changes made (repeat).

Status of Recommendation 3			
Status as of 11/1/2023	Completed	Completion Date:	May, 2023
Please provide details of corrective action taken.	The University has implemented the corrective action plan by enhancing its process to ensure that independent documented supervisory reviews of student residency changes are performed using output reports that include all changes made in the automated system. More specifically, an employee who is independent of the process has generated system output reports reflecting residency status changes which were executed by staff in the automated system, and has ensured that those changes are appropriate, comply with the policy, and are properly supported. This review was documented and covers the Spring 2021 through Spring 2023 semesters, and will recur twice a year or more if deemed necessary.		

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Contracts and Disbursements

#### Finding 7

MSU did not procure certain goods and services in accordance with its policies and procedures, and did not ensure related goods and services were received and amounts invoiced were proper.

#### Recommendation 7a

We recommend that MSU competitively procure and execute contracts in accordance with its policies and procedures (repeat).

Status of Recommendation 7a			
Status as of 11/1/2023	Completed	Completion Date:	October, 2023
Please provide details of corrective action taken.	<p>The Office of Procurement &amp; Property Control has taken the necessary steps to ensure that the University competitively procures and executes contracts in accordance with its approved policies and procedures. A few examples follow below.</p> <ul style="list-style-type: none"><li>• Installed a new procurement director and augmented professional staff who have specialized knowledge and expertise in the area of procurement compliance.</li><li>• Strengthened the training and development program for procurement professionals to help ensure compliance with policies and procedures. More specifically, several buyers have undergone training and received certifications from the Maryland Procurement Academy and participate in the Senior Procurement Advisory Group (SPAG) meetings, which cover common procurement policy requirements and strategies for assuring compliance. In addition, management reinforces the procurement policy and audit requirements at staff meetings regularly and incorporates them to business processes.</li><li>• Developed and instituted tools, templates, and business processes to help identify and support that the proper procurement method was utilized and executed, governing agreement (e.g., ICPA or master service agreement/contract) is complied with and authorization is obtained, procurement is in the best interest of the State, and emergency procurements strictly adhere to the policy requirements.</li><li>• Monitors reports to identify contracts that need to be rebid or renewed/amended and tracks contract and expenditure dollar amounts to ensure proper approvals are obtained.</li></ul>		



## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Recommendation 7d

We recommend that MSU verify that all goods and services have been received (repeat).

Status of Recommendation 7d			
Status as of 11/1/2023	In Progress	Estimated Completion Date:	April, 2024
Please provide details of corrective action taken.	The University has recently installed a new Director of Procurement who has developed a robust plan to help ensure all goods and services are received before payment is authorized. This includes recruiting professionals with specific expertise, assigning responsibilities and creating organizational structures, administering a training program, and implementing various business processes, all of which will be completed by the end of April 2024. More specifically, the procurement department has moved towards procurement-based contracting, to the maximum extent practicable. As a result, deliverables are required for payment of work. The Technical Representatives (TR) are required to oversee the progression of work by the contractor to ensure the requirements of the contract are met. A Contract Line Number (CLN) structure is included in the solicitation which aligns to the payment of invoices and associated deliverables; to ensure invoices are only paid for work performed. All projects over \$500,000 will be required to have a Quality Assurance Surveillance plan (QASP) to ensure the contractor's QC plan is working and effective, to ensure deliverables are in accordance with the requirements of the contract. A designation letter will be provided to the Technical Representative outlining responsibilities as it relates to overseeing the work, receipt of deliverables before payment, and acceptance of work.		

## Exhibit 1 to May 2, 2024 Letter to Joint Chairmen

### Information Systems Security and Control

#### Finding 8

Redacted cybersecurity-related finding.

**Confidentiality Notice –Finding 8 has been deemed to be cybersecurity-related and subject to redaction in the publicly available report.**

#### Status of Recommendation 8a

Status as of 11/1/2023	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

#### Status of Recommendation 8b

Status as of 11/1/2023	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

#### Status of Recommendation 8c

Status as of 11/1/2023	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency correction actions have been redacted by OLA.		

## Exhibit 2 to May 2, 2024 Letter to Joint Chairmen

### Status of Repeat Findings in OLA's September 22, 2022 Audit Report on Morgan State University (MSU)

Prior Recommendations Pertaining to Repeat Findings	Status Based on OLA Review
<b>Student Accounts Receivable</b> 1. We recommend that MSU a. perform independent reviews to ensure the vendor properly issued refunds to students and returned any amounts not disbursed.	Resolved
c. Redacted cybersecurity-related recommendation.	Status Redacted <sup>1</sup>
2. We recommend that MSU a. ensure that adjustments to student room and board charges are properly supported and subject to an effective independent supervisory review for propriety after being recorded in MSU's automated records.	Resolved
3. We recommend that MSU ensure that independent documented supervisory reviews of student residency changes are performed using output reports that include all changes made.	Not Resolved (In Progress)

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<sup>1</sup> Specific information of the current status of this cybersecurity-related finding has been redacted from the publicly available document in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

## Exhibit 2 to May 2, 2024 Letter to Joint Chairmen

### Status of Repeat Findings in OLA's September 22, 2022 Audit Report on the Morgan State University (MSU)

Prior Recommendations Pertaining to Repeat Findings	Status Based on OLA Review
<b>Contracts and Disbursements</b> 7. We recommend that MSU a. competitively procure and execute contracts in accordance with its policies and procedures.	Not Resolved (In-Progress)
d. verify that all goods and services have been received.	Not Resolved (In-Progress)
<b>Information Systems Security and Control</b> 8. a. Redacted cybersecurity-related recommendation.	Status Redacted <sup>2</sup>
b. Redacted cybersecurity-related recommendation.	Status Redacted <sup>2</sup>
c. Redacted cybersecurity-related recommendation.	Status Redacted <sup>2</sup>

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<sup>2</sup> Specific information of the current status of this cybersecurity-related finding has been redacted from the publicly available document in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

## **Exhibit 3 to May 2, 2024 Letter to Joint Chairmen**

### **OLA's Assessments Regarding Repeat Non-cybersecurity Related Findings and Recommendations That Were Not Resolved**

#### **Prior Report Recommendation – Finding 3**

**We recommend that MSU ensure that independent documented supervisory reviews of student residency changes are performed using output reports that include all changes made (repeat).**

#### **Status: Not Resolved**

Our review disclosed that MSU had assigned the supervisory review of student residency changes to an independent employee. However, this employee left MSU in August 2023, and MSU could not provide adequate documentation of reviews performed prior to the employee's departure. MSU advised us that, in December of 2023, a new employee was hired who would be responsible for performing the review going forward. However, as of January 25, 2024, the employee had not yet performed a review of student residency changes.

#### **Prior Report Recommendation – Finding 7**

**We recommend that MSU**

- a. competitively procure and execute contracts in accordance with its policies and procedures (repeat), and**
- d. verify that all goods and services have been received (repeat).**

#### **Status: Not Resolved**

Our review disclosed that, as indicated in its status report, MSU developed certain new templates and forms to help ensure that procurements were made in accordance with its policies and procedures, and that goods and services were received prior to payment. MSU also hired a new Director of Procurement in October 2023. We were advised by the Director that the new templates and forms have not yet been fully implemented, but should be by October 2024.

We reviewed three contracts totaling \$8.9 million which were procured between August 2022 and November 2023, including one contract totaling \$1 million procured through an intergovernmental cooperative purchasing agreement. However, consistent with our original audit report finding, we found that MSU did not verify that its use of a contract procured by another entity, such as this contract, was in the best interest of MSU, and that the original contract was awarded after an appropriate procurement process as required by MSU's procurement policies and procedures.