

# Audit Report

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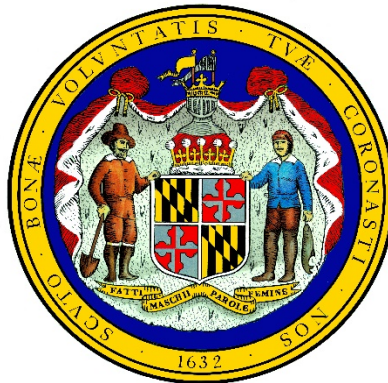
## University System of Maryland University of Maryland, College Park

June 2025

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### Public Notice:

**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.**



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**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

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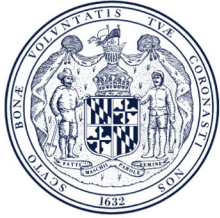
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

June 6, 2025

Brian S. Tanen, CPA, CFE  
Legislative Auditor

Senator Shelly L. Hettleman, 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) – University of Maryland, College Park (UMCP) for the period beginning January 1, 2021 and ending January 31, 2024. UMCP is a comprehensive public institution of USM and operates under the jurisdiction of USM's Board of Regents. UMCP offers a broad range of baccalaureate, master's, and doctoral programs in the liberal arts and sciences and selected professional fields.

Our audit disclosed UMCP did not consolidate procurements of certain goods and services circumventing oversight and transparency requirements and its leverage as a high-volume purchaser and did not always review the purchases to ensure they were proper. Specifically, our review of corporate purchasing card purchases during the period from January 1, 2021 through December 31, 2023 disclosed that UMCP made 4,056 purchases from five vendors totaling approximately \$2.3 million without a formal procurement process. Additionally, cardholder transaction logs were not always reviewed and approved by supervisory personnel.

Our audit also disclosed cybersecurity-related findings. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the findings from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(b), and using our professional judgment we have determined that the redacted findings fall under the referenced

definition. The specifics of the cybersecurity findings were previously communicated to those parties responsible for acting on our recommendations.

Our audit further disclosed that procedures and controls over research grants were not sufficiently comprehensive. According to UMCP records, as of June 2024, there were approximately 5,300 open research grants with cumulative expenditures totaling \$763.5 million. UMCP policy and procedures did not require a written justification when a non-competitive process was used to select individuals and entities to work on the grants. In addition, UMCP did not ensure that amounts invoiced by individuals and entities working on the research grants were proper and in accordance with the grant agreement. Our test of invoices on certain grants disclosed that UMCP did not obtain documentation to support the charges and that labor rates were not consistent with the related agreements.

Finally, our audit disclosed that timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy, a condition commented upon in our two preceding audit reports dating back to 2018. From January 3, 2021 through January 27, 2024, there were 6,073 instances (related to 1,112 employees) of timesheets with no employee signature and documented supervisory approval.

USM's response to this audit, on behalf of UMCP, is included as an appendix to this report. Consistent with State law, we have redacted the elements of USM's response related to the cybersecurity audit findings. We reviewed the response and noted agreement to our findings and related recommendations, and while there are other aspects of USM's response which will require further clarification, we do not anticipate that these will require the Joint Audit and Evaluation Committee's attention to resolve.

We wish to acknowledge the cooperation extended to us during the audit by UMCP.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

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## **Background Information**

### **Agency Responsibilities**

The University of Maryland, College Park (UMCP) is a comprehensive research university for the State of Maryland and is the flagship institution of the University System of Maryland (USM). It offers baccalaureate, masters, and doctoral programs in the liberal arts and sciences and selected professional fields. According to UMCP's records, student enrollment for the fall 2023 semester totaled 40,813, including 30,608 undergraduate students and 10,205 graduate students.

UMCP'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 accounting records, fiscal year 2024 revenues totaled approximately \$2.8 billion, including a State general fund appropriation of approximately \$769.4 million (See Figure 1).

**Figure 1**  
**UMCP Positions, Expenditures, and Funding Sources**

Full-Time Equivalent Positions as of June 30, 2024	
	Positions
Filled	9,521
Vacant	497
<b>Total</b>	<b>10,018</b>
Fiscal Year 2024 Expenditures	
	Expenditures
Salaries, Wages, and Fringe Benefits	\$1,837,258,986
Technical and Special Fees	22,748,081
Operating Expenses	983,404,405
<b>Total</b>	<b>\$2,843,411,472</b>
Fiscal Year 2024 Funding Sources	
	Funding
<u>Unrestricted</u>	
General Fund	\$ 769,390,213
Tuition and Fees	708,622,095
Other University Revenues <sup>1</sup>	718,968,842
	<b>\$2,196,981,150</b>
<u>Restricted</u>	
Federal Grants and Contracts	\$ 456,211,815
Other Gifts, Grants, and Contracts	190,218,507
	<b>\$ 646,430,322</b>
<b>Total</b>	<b>\$2,843,411,472</b>

Source: State financial records and UMCP personnel records

## 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 September 27, 2022. See Figure 2 for the results of our review.

<sup>1</sup> Includes revenues from Auxiliary Services (\$384.1M) and from the Higher Education Investment Fund (\$63.1M).



<b>Figure 2</b> <b>Status of Preceding Findings</b>		
<b>Preceding Finding</b>	<b>Finding Description</b>	<b>Implementation Status</b>
Finding 1	The University of Maryland College Park (UMCP) did not ensure that all changes made to students' residency status were subject to independent review.	Not repeated
Finding 2	Redacted cybersecurity-related finding.	Status Redacted <sup>2</sup>
Finding 3	Redacted cybersecurity-related finding.	Status Redacted <sup>2</sup>
Finding 4	Redacted cybersecurity-related finding.	Status Redacted <sup>2</sup>
Finding 5	UMCP procured services from two companies owned by UMCP employees or their respective spouses. In addition, UMCP could not document that certain procurements from these companies were competitively procured and the related deliverables were received.	Not repeated
Finding 6	UMCP did not have a process to ensure all employees terminated for improper activities were properly recorded in the UMCP automated personnel system and the Statewide listing of banned employees to ensure they were not rehired.	Not repeated
Finding 7	Timesheets were not always signed by employees and approved by supervisory personnel as required by University System of Maryland policy.	<b>Repeated</b> (Current Finding 7)

<sup>2</sup> Specific information on the current status of this cybersecurity-related finding has been redacted from the publicly available report in accordance with State Government Article, Section 2-1244(i) of the Annotated Code of Maryland.

## Findings and Recommendations

### Corporate Purchasing Cards

#### **Finding 1**

**The University of Maryland, College Park (UMCP) did not consolidate procurements of certain goods and services, circumventing oversight and transparency requirements and its leverage as a high-volume purchaser and did not always review the purchases to ensure they were proper.**

#### **Analysis**

UMCP did not consolidate procurements of certain goods and services circumventing certain oversight and transparency requirements and its leverage as a high-volume purchaser and did not always review the purchases to ensure they were proper. According to UMCP's records, during fiscal year 2023, corporate purchasing cards (CPC) transactions totaled \$52.6 million for 2,263 cardholders. Our review disclosed the following conditions:

#### UMCP Did Not Consolidate Certain Procurements

UMCP did not consolidate procurements of certain purchases. Specifically, our review of CPC purchases during the period from January 1, 2021 through December 31, 2023 disclosed that UMCP made 4,056 purchases from five vendors totaling approximately \$2.3 million (ranging from \$275,000 to \$858,000) without a formal competitive procurement process. For example, UMCP made 697 purchases totaling \$496,000 for medical supplies during the aforementioned period, such as flu test kits from one vendor. Since the individual purchases were not consolidated, UMCP circumvented certain competitive procurement and approval requirements and did not maximize its benefits as a high-volume purchaser. For example, these procurements would not have been subject to requirements for publishing the solicitation and awards to enhance transparency, and competitive procurement and oversight by the UMCP Office of Procurement and Business Services.

In addition, our review of 10 transactions from other vendors totaling \$37,400 made by 4 cardholders from the same vendor on the same dates, disclosed that the transactions appeared to be artificially split, each under the applicable cardholder's single transaction limit of \$5,000. We were advised by UMCP management that employees who split purchases should have their cards immediately suspended for 45-days. Although UMCP monitored CPC purchases for infractions including split purchases, UMCP only suspended two of the aforementioned four cardholder's CPCs.

USM's *Procurement Policies and Procedures* requires formal solicitation and competition for procurements greater than \$200,000 as well as publishing the solicitation and award, such as on *eMaryland Marketplace Advantage*. In addition, the Comptroller of Maryland's *Corporate Purchasing Card Policy and Procedures Manual* and State procurement regulations prohibit procurements from being artificially divided to circumvent competition.

#### Purchases Were Not Always Reviewed as Required

Cardholder transaction logs were not always reviewed and approved by supervisory personnel. The *Manual* requires that cardholder activity logs be reviewed and approved by the cardholder's supervisor on a monthly basis. Our test of 25 cardholders' monthly activity logs<sup>3</sup> totaling \$511,174 disclosed that supervisors did not timely review and approve 8 logs with purchases totaling \$110,903. Specifically, as of our review in June 2024, 4 of the logs were not approved for periods ranging from 20 months to three years after the billing cycle. The remaining 4 logs were not approved until we requested the records, which was 5 to 16 months after the billing cycle.

#### **Recommendation 1**

**We recommend that UMCP**

- a. consolidate procurements of similar goods and services to maximize purchasing power and to comply with requirements for competition, increased transparency, oversight and control;**
- b. ensure transactions are not artificially split and suspend any purchasing cards used to process split purchases, including those noted above; and**
- c. ensure supervisors approve purchasing card activity logs in a timely manner.**

#### **Information Systems Security and Control**

We determined that the Information Systems Security and Control section, including Findings 2 through 4 related to "cybersecurity," as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following findings, including the analysis, related recommendations, along with USM's responses, have been redacted from this report copy.

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<sup>3</sup> The test items were selected from the period of May 2021 to December 2023 and were selected based on materiality and unusual purchases.

**Finding 2**  
**Redacted cybersecurity-related finding.**

**Finding 3**  
**Redacted cybersecurity-related finding.**

**Finding 4**  
**Redacted cybersecurity-related finding.**

## **Research Grants and Contracts**

### **Background**

UMCP is engaged in a broad variety of research areas addressing regional, national, and global challenges ranging from science, engineering, business, social sciences, arts and humanities, and other disciplines. For example, UMCP performs research in areas such as climate change, quantum research, artificial intelligence and data science. UMCP relies upon grants, collaboration and partnerships with government, for-profit and non-profit entities to further UMCP's mission, promote innovation and discovery, commercialize intellectual property and continue UMCP's reputation as a premier research institution. UMCP also invests its own resources and funds into the research activities.

### **Research Grant Process**

Research grants are generally obtained through a grant proposal which generally includes a description of the intended research being funded, key personnel working on the research, and a listing of any subrecipients to be funded with the grant. Each grant has a faculty member who acts as the Principal Investigator (PI) who is responsible for all aspects of research projects, including scholarly activity and proper stewardship of awards. PI's work with department and central administration staff to develop grant proposals.

PIs will often collaborate on research with individuals and/or entities based on their experience or perceived contributions to the research with or without a competitive selection process. This may include individuals or entities with whom the PI has a relationship, including ownership, which may be considered a conflict of interest. In this regard, State law provides exemptions from conflict of interest standards under the State Ethics law for public senior higher education institutions personnel engaged in research and development activities. The law

was intended to limit obstacles to commercialization of academic research activities.

To address the risks associated with these possible conflicts, State law requires the institutions to adopt policies and procedures to ensure the integrity of the grants. In this regard, UMCP's *Policy on Conflict of Interest and Conflict of Commitment* requires annual disclosure of potential conflicts of interest, including grants, and may require a management plan to monitor the relationship.

According to UMCP records, as of June 2024, there were approximately 5,300 open grant awards with cumulative expenditures totaling \$763.5 million.

**Finding 5 (Policy Issue)**

**UMCP policy and procedures did not require a written justification when a non-competitive process was used to select individuals and entities to work on research grants.**

**Analysis**

UMCP policy and procedures did not require a written justification when a non-competitive process was used to select individuals and entities to work on research grants. UMCP management advised us that PIs on the grant were responsible for making the selection, which often used a non-competitive process due to the unique expertise in relation to the grant. These individuals and entities were often included in grant proposals.

Our review disclosed that UMCP did not require a written justification when a non-competitive method was used to select individuals or entities working on the grant. This is critical to ensure transparency and integrity of the process, especially when it involves individuals or entities that have conflicting relationships. Specifically, our test of three non-competitive awards to entities totaling approximately \$5.2 million on three research grants disclosed there was no written justification for the selection to justify the use of a non-competitive process. One of these awards totaling \$2.2 million was to an entity owned by a UMCP faculty member, thereby having a direct financial relationship.

State laws and regulations, as well as USM policy, generally require a written justification and independent approval when a non-competitive process is used to obtain goods and services. Given UMCP's substantial research funding from other parties, exclusions from USM's *Procurement Policies and Procedures*, and exemptions from State Ethics law for conflicts of interest, we believe written

justifications should be required to enhance transparency, accountability, and the integrity of the process.

#### **Recommendation 5**

**We recommend that UMCP enhance its existing policies and procedures by requiring documented written justification and independent review and approval when a non-competitive process is used.**

#### **Finding 6**

**UMCP did not ensure that amounts invoiced by individuals and entities working on the research grants were proper and in accordance with the grant agreement.**

#### **Analysis**

UMCP did not ensure that amounts invoiced by individuals and entities working on the research grants were proper and in accordance with the grant agreement. The agreements generally provided that UMCP would reimburse for the actual costs of personnel and supplies and allowed UMCP to request additional information to support the amounts included in the invoice. Our test of six invoices totaling approximately \$3.1 million from entities work on three research grants disclosed that UMCP did not obtain and review documentation to support the invoices. Specifically, the invoices were primarily for labor charges, but UMCP did not obtain documentation, such as timesheets, to support the propriety of the charges.

In addition, for two of these invoices totaling \$1.3 million, UMCP could not sufficiently explain variances between the billed labor rates and the grant agreement. For example, one invoice included \$57,388 in direct labor for one employee at an hourly rate of \$243.17 while the grant agreement hourly rate was \$117.58. UMCP advised the difference in the aforementioned rates were due to salary increases over two years. However, UMCP could not support these assertions, and the amounts did not seem reasonable given the amount of the aforementioned increase.

#### **Recommendation 6**

**We recommend that UMCP obtain and review documentation to support the propriety of invoices and verify that the rates are consistent with the related grant agreements, including those noted above.**

## Payroll

### **Finding 7**

**Timesheets were not always signed by employees and approved by supervisory personnel as required by University System of Maryland (USM) policy.**

### **Analysis**

Timesheets were not always signed by employees and approved by supervisory personnel as required by USM policy. UMCP utilized electronic timesheets requiring on-line signature and approval. According to the State's records, UMCP's payroll expenditures totaled approximately \$1.8 billion during fiscal year 2024, and there were 10,018 regular employees.

Based on a report generated from UMCP's payroll system for the period from January 3, 2021 through January 27, 2024, there were 6,073 instances (related to 1,112 employees) of timesheets with no employee signature and documented supervisory approval. This included 53 employees for whom there was no signed and approved timesheet for 26 to 78 pay periods in these years (accounting for 2,203 instances).

UMCP's *Policy on Procedures for Sick Leave and Positive Time Reporting by Faculty Members* requires faculty members to complete positive time reports and that those records be signed by the employees and their supervisors. In addition, Board of Regents' *Policy on Work Schedules for Regular Non-Exempt and Exempt Staff Employees* requires that work days and leave hours be recorded for all exempt staff employees via a positive or exception based timekeeping method, and that all nonexempt employees record all hours worked and leave hours on their timesheets. The aforementioned delays are contrary to UMCP's policy requiring timely submission and approval of employee time and restrict the ability of supervisory personnel to ensure that time recorded by employees is accurate and valid. In all of these cases, the employee was paid in accordance with UMCP's regular payroll payment schedule. The untimely submission of the timesheets raises questions as to the validity of the time recorded and resulting payroll payments and leave balances.

A similar condition regarding timesheets not always being signed and approved was commented upon in our two preceding audit reports dating back to October 2018. In response to our preceding audit report, UMCP advised that it planned to implement a new human resource management system in July 2023 to replace the current timekeeping system. During our current audit, we were advised that the new system implementation was delayed until November 2024 because of

changes to the project's scope of work. Accordingly, the aforementioned corrective action was not implemented.

**Recommendation 7**

**We recommend that UMCP establish adequate monitoring procedures and controls to ensure that all timesheets are signed by the applicable employee and approved by appropriate supervisory personnel (repeat).**



## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – University of Maryland, College Park (UMCP) for the period beginning January 1, 2021 and ending January 31, 2024. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine UMCP's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurements and disbursements, student accounts receivable, cash receipts, student financial aid, payroll, corporate purchasing cards, construction, grants, and information systems security and control. Our audit included certain support services (such as certain construction vendor payments) provided on a centralized basis for several other units of USM. Furthermore, while the University System of Maryland – Shady Grove became its own budgetary unit effective July 1, 2022, its activity was considered during our audit of UMCP. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to UMCP by the USM Office, such as bond financing. These support services are included within the scope of our audits of the USM Office. In addition, our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of UMCP's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including the components of the USM.

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 January 1, 2021 to January 31, 2024, 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 UMCP'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 UMCP's financial systems for the purpose of testing certain areas such as student accounts receivable and financial aid. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

UMCP's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. 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 UMCP, 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 UMCP's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to UMCP that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation.” Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to UMCP and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from the USM Office, on behalf of UMCP, to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise UMCP regarding the results of our review of its response.

OFFICE OF ADMINISTRATION AND FINANCE

June 4, 2025

Mr. Brian S. Tanen, CPA, CFE  
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 – University of Maryland, College Park  
Period of Audit: January 1, 2021 through January 31, 2024

Dear Mr. Tanen,

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

Sincerely,



Ellen Herbst  
Senior Vice Chancellor for Administration and Finance

Enclosures

cc: Dr. Darryl J. Pines, President, UMCP  
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  
Ms. Susanne Anaker, Director, Management Advisory Services, UMCP  
Mr. Gregory S. Oler, Vice President, Finance and Chief Financial Officer, UMCP

# University System of Maryland University of Maryland, College Park

## Agency Response Form

### Corporate Purchasing Cards

#### **Finding 1**

**The University of Maryland, College Park (UMCP) did not consolidate procurements of certain goods and services, circumventing oversight and transparency requirements and its leverage as a high-volume purchaser and did not always review the purchases to ensure they were proper.**

**We recommend that UMCP**

- a. consolidate procurements of similar goods and services to maximize purchasing power and to comply with requirements for competition, increased transparency, oversight and control;**
- b. ensure transactions are not artificially split and suspend any purchasing cards used to process split purchases, including those noted above; and**
- c. ensure supervisors approve purchasing card activity logs in a timely manner.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	January 2026
<b>Please provide details of corrective action or explain disagreement.</b>	UMCP will perform an annual analysis of purchasing card transactions and purchase orders to identify opportunities where more strategic procurement methods could be used. These methods—such as competitive solicitations, cooperative agreements, or state contracts—will align with allowable practices under the USM Procurement Policies and Procedures (PPP) and will be selected based on what best serves the interests of the institution and the State of Maryland.		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	January 2026
<b>Please provide details of corrective action or explain disagreement.</b>	UMCP's Travel & Card Services office conducts regular reviews to identify and address instances of splitting or stringing. UMCP has a defined process for monitoring purchasing card transactions and addressing violations of the purchasing card program.		

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	We are committed to compliance with the CPC Manual. Given the size and complexity of our organization, there may be instances we do not immediately identify a split purchase violation. However, we continue to strengthen our review processes to minimize the occurrence of such instances.		
<b>Recommendation 1c</b>	Agree	<b>Estimated Completion Date:</b>	January 2026
<b>Please provide details of corrective action or explain disagreement.</b>	The University has transitioned to a new financial system and is actively working to implement tools and processes that will facilitate the timely review, approval, and monitoring of purchasing card activity.		

### Information Systems Security and Control

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Findings 2 through 4 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the following findings, including the analysis, related recommendations, along with USM’s responses, have been redacted from this report copy, USM’s responses indicated agreement with the findings and related recommendations.

**Finding 2**  
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

**Finding 3**  
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

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**Finding 4**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**



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**Research Grants and Contracts**

**Finding 5 (Policy Issue)**

**UMCP policy and procedures did not require a written justification when a non-competitive process was used to select individuals and entities to work on research grants.**

**We recommend that UMCP enhance its existing policies and procedures by requiring documented written justification and independent review and approval when a non-competitive process is used.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>	The selection of subrecipients is based on their ability to carry out a portion of the federal program and achieve its objectives. This involves evaluating their qualifications, experience, and capability to perform the work required under the federal award. Subrecipients are included in the proposal and subject to review by the sponsor, which ultimately determines whether to grant the award.		
<b>Recommendation 5</b>	Agree	<b>Estimated Completion Date:</b>	November 2025
<b>Please provide details of corrective action or explain disagreement.</b>	The University agrees to enhance the <i>Procedures for the Administration of Sponsored Projects Subcontracts</i> and utilize the Subaward Request form Section VII for subawards. In addition, we will enhance the Subaward Request form to justify the qualifications of the subaward.  The University intends to engage a consultant to review our sponsored research processes and procedures to ensure we are aligned with Uniform Guidance and other large research institutions.		

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**Finding 6**

**UMCP did not ensure that amounts invoiced by individuals and entities working on the research grants were proper and in accordance with the grant agreement.**

**We recommend that UMCP obtain and review documentation to support the propriety of invoices and verify that the rates are consistent with the related grant agreements, including those noted above.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>	<p>The university acknowledges that we were not able to clearly communicate that the variance in rates resulted from the application of the appropriate fringe benefit and overhead rate (i.e., fully burdened rate). The rate of \$117.58 represented the raw rate and \$243.17 represented the fully burdened rate. We recognize that this caused confusion, and we regret that the subject matter experts best positioned to explain this detail were not part of the initial discussion.</p>		
<b>Recommendation 6</b>	Agree	<b>Estimated Completion Date:</b>	November 2025
<b>Please provide details of corrective action or explain disagreement.</b>	<p>To enhance our sponsored research operations, UMCP will engage a consultant to review our processes and procedures, with a focus on identifying improvements in invoice monitoring that align with Uniform Guidance and best practices from peer research institutions.</p>		

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**Payroll**

**Finding 7**

**Timesheets were not always signed by employees and approved by supervisory personnel as required by University System of Maryland (USM) policy.**

**We recommend that UMCP establish adequate monitoring procedures and controls to ensure that all timesheets are signed by the applicable employee and approved by appropriate supervisory personnel (repeat).**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 7</b>	<b>Agree</b>	<b>Estimated Completion Date:</b>	<b>November 2024</b>
<b>Please provide details of corrective action or explain disagreement.</b>	<p>The new Workday Financial and HR System went live on November 15, 2024. Therefore, we now operate an exception-based timekeeping system. USM's Policy II-2.30 Policy on Sick and Safe leave for faculty was amended in September 2022 to allow for exception-based timekeeping.</p> <p>We have shown significant improvements over the last two audit cycles. The purpose of timesheets is to accurately reflect leave, especially as it relates to leave payouts and retirement. It should be noted that the 53 employees without any timesheets are employees whose leave is governed by a contract and not eligible for leave payout or retirement.</p>		

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