



**UNIVERSITY SYSTEM OF MARYLAND
BOARD OF REGENTS - AUDIT COMMITTEE
OPEN MEETING AGENDA**

April 2, 2024

- | | |
|---|-------------------------|
| 1. <u>Information & Discussion - USM's Half Year (12/31/2023) Financial Statements & Financial Comparison Analysis to Peer Institutions</u> | Ms. Denson
Mr. Acton |
| 2. <u>Information & Discussion - Affiliated Foundation and Business Entity Policy compliance status</u> | Ms. Denson
Mr. Acton |
| 3. <u>Information & Discussion - CliftonLarsonAllen LLP, Update Regarding FYE 2023 Single Audit and MHEC Enrollment Reporting Agreed Upon Procedures</u> | Ms. Bowman |
| 4. <u>Information & Discussion – Review of BOR Policies Related to the Audit Committee</u> <ul style="list-style-type: none">• VIII-7.20 Policy on External Audits• VIII-7.30 Policy on Legislative Audits | Mr. Mosca |
| 5. <u>Information - Office of Legislative Audit Activity – Published Audit Reports</u> | Mr. Mosca |
| 6. <u>Information & Discussion – Title IX Internal Audit Activity</u> | Mr. Mosca |
| 7. <u>Information & Discussion - Follow up of Action Items from Previous Meetings</u> | Mr. Mosca |
| 8. <u>Approval - Convene to Closed Session</u> | Mr. Pope |
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Information & Discussion - USM's Half Year (12/31/2023) Financial Statements & Financial Comparison Analysis to Peer Institutions

TOPIC: Information – Interim Financial Statements

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY:

Attached is a set of ***unaudited University System of Maryland interim financial statements for the six-month period ended December 31, 2023, the year ended June 30, 2023, and the six-month period ended December 31, 2022.***

A set of key points to consider in reviewing the interim financial statements is provided to help focus the user on the information most relevant in understanding the System's financial health.

Also included is the '***Public College & University Financial Ratio Comparison on June 30, 2023***' – a comparison of key financial ratios for universities and university systems with a Aa1 rating from Moody's Investor Services.

ALTERNATIVE(S): This is an information item.

FISCAL IMPACT: This is an information item.

CHANCELLOR'S RECOMMENDATION: Information item

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



**University System of Maryland
Interim Financial Statements
Six-month period ended December 31, 2023, fiscal year ended June 30, 2023, and
six-month period ended December 31, 2022**

Points to consider:

1. Per the USM Statement of Net Position (or Balance Sheet) on page 3, ***unrestricted net position*** shows a \$111M increase from June 30, 2023 levels, growing from \$1,554M to \$1,665M. As a point of comparison, the interim financial statements as of December 31, 2022 showed an increase for the first six months of fiscal year 2023 of \$289M.
2. During FY20 and FY21, the Institutions were awarded \$574M in Higher Education Emergency Relief Funds to assist the institutions and students through the pandemic. Through December 31, 2023, the institutions had expended \$569M of these funds. The remaining unspent portion of these funds were awarded to BSU and UMES. They have until June 2024 to expend the remaining funds.
3. Operating revenues for the six months ended December 31, 2023, increased \$127M compared to December 31, 2022, \$43M of which pertains to federal grants and contracts and \$23M of which pertains to tuition and fees. Operating revenues for the six-month period ended December 31, 2022, compared to December 31, 2021, increased \$45M.
4. Cash spending on System and Board approved capital projects for the six months ended December 31, 2023 totaled \$35.5M, compared to \$32.8M for the six-month period ended December 31, 2022. As of December 31, 2023, there remains a total of \$157M in cash-funded projects authorized and approved that are remaining to be spent, representing a claim against ***unrestricted net position***.
5. Investment income for the period ending December 31, 2023 is \$83M compared to \$139M and \$30M for the periods ending June 30, 2023 and December 31, 2022, respectively. Investment income is comprised primarily of investment income earned on cash held by the State Treasurer and investment returns earned on endowments.

Investment returns on the USM Foundation managed investments associated with the System's pool of endowment funds called the Common Trust Fund for the six months ended December 31, 2023, was 4%, compared to 6% and 0.24% for the year ended June 30, 2023 and six months ended December 31, 2022, respectively.

Investment returns on cash held by the state treasurer as of December 31, 2023, was 4.35% compared to 3.07% for June 30, 2023 and 2.44% for the period December 31, 2022.

During the period ended December 31, 2023, USM institutions transferred \$54M of cash held by the State Treasurer to the Common Trust to establish quasi-endowments for need-based student aid, as authorized by legislation that was passed and signed into law during the 2023 Session of the General Assembly. The breakdown of the transfers by institution was as follows:

USM Institution	Amount
University of Maryland College Park	\$20,000,000
University of Maryland Baltimore	\$2,000,000
University of Baltimore	\$1,000,000
University of Maryland Baltimore County	\$15,000,000
University System of Maryland Office	\$5,000,000
Frostburg State University	\$1,000,000
Towson University	\$10,000,000
TOTAL	\$54,000,000

The legislation authorizes up to \$150M to be transferred to the Common Trust to support need-based aid.

6. Page 7, Operating Expenses by Object report shows an increase in expenses of \$330M or 10% from December 31, 2022. \$93M of the increase is attributable to research activities and \$91M of the increase is attributable to instruction.
7. Page 9 is the report of Public College & University Financial Ratios as of June 30, 2023, a comparison of key balance sheet and financing metrics with other public universities with the same bond rating. The University System of Maryland continues to maintain its strong Aa1 rating, resulting in low financing costs reflected in the effective interest rate, thanks to a strong financial position and leadership. USM is joined by 13 other public universities.

The effective interest rate on debt outstanding for USM is 2.59%, the lowest amongst peers with the same bond rating. The effective interest rates for other public universities with the same bond rating ranges up to 5.07%, with the median and average rate being 3.29% and 3.47%, respectively.

University System of Maryland
Statements of Net Position
December 31, 2023, June 30, 2023, and December 31, 2022

	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$3,149,508,334	\$3,270,618,496	\$3,307,071,501
Accounts receivable, net	953,694,111	440,016,302	933,048,520
Notes receivable, current portion, net	1,618,512	2,946,582	2,655,891
Leases receivable, net	3,899,397	5,568,123	10,739,512
Inventories	9,936,155	9,727,249	9,424,843
Prepaid expenses and other	22,839,994	23,361,322	18,226,290
Total current assets	<u>4,141,496,503</u>	<u>3,752,238,074</u>	<u>4,281,166,557</u>
Noncurrent assets:			
Restricted cash and cash equivalents	10,009,097	32,217,427	61,188,297
Endowment investments	515,574,054	445,202,520	433,607,986
Other investments	44,370,779	43,540,519	42,587,981
Leases receivable, net	13,206,695	8,700,878	23,814,797
Notes receivable, net	9,019,701	9,446,751	11,966,186
Capital assets, net	7,653,252,717	7,603,663,404	7,346,451,999
Total noncurrent assets	<u>8,245,433,043</u>	<u>8,142,771,499</u>	<u>7,919,617,246</u>
Total assets	<u>12,386,929,546</u>	<u>11,895,009,573</u>	<u>12,200,783,803</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refundings of debt	4,861,048	4,861,048	6,034,722
Asset retirement obligations	10,917,513	11,194,989	11,741,954
Deferred changes, pension expense	314,484,404	314,484,404	380,707,864
Total deferred outflows of resources	<u>330,262,965</u>	<u>330,540,441</u>	<u>398,484,540</u>
Total assets and deferred outflows of resources	<u>\$12,717,192,511</u>	<u>\$12,225,550,014</u>	<u>\$12,599,268,343</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$367,327,391	\$434,628,650	\$339,408,850
Accrued workers' compensation, current portion	4,352,250	4,352,250	4,522,350
Accrued vacation costs, current portion	135,322,042	135,247,076	130,627,686
Revenue bonds and notes payable, current portion	94,882,338	94,879,968	96,388,483
Obligations under subscription arrangements, current portion	12,066,256	14,520,081	
Obligations under lease arrangements, current portion	16,944,569	17,894,865	82,138,039
Unearned revenue	943,515,850	552,258,883	1,136,749,471
Total current liabilities	<u>1,574,410,696</u>	<u>1,253,781,773</u>	<u>1,789,834,879</u>
Noncurrent liabilities:			
Accrued workers' compensation	24,662,750	24,662,750	25,626,650
Accrued vacation costs	185,654,117	185,654,115	180,972,083
Revenue bonds and notes payable	1,135,909,200	1,145,361,845	1,249,091,384
Obligations under subscription arrangements	28,155,699	28,461,743	
Obligations under lease arrangements	66,564,675	71,722,661	76,103,395
Net pension liability	1,304,919,638	1,304,919,638	977,354,142
Noncurrent liabilities	<u>2,745,866,079</u>	<u>2,760,782,752</u>	<u>2,509,147,654</u>
Total liabilities	<u>4,320,276,775</u>	<u>4,014,564,525</u>	<u>4,298,982,533</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement receipts	236,884,352	246,838,739	256,793,128
Deferred inflows from lease arrangements	16,796,227	13,940,687	33,076,949
Deferred changes, pension expense	116,254,540	116,254,540	546,879,512
Total deferred inflows of resources	<u>369,935,119</u>	<u>377,033,966</u>	<u>836,749,589</u>

UNAUDITED

University System of Maryland
Statements of Net Position
December 31, 2023, June 30, 2023, and December 31, 2022

	December 31, 2023	June 30, 2023	December 31, 2022
NET POSITION			
Unrestricted net position	1,664,876,746	1,553,647,706	1,575,454,658
Net investment in capital assets	6,088,407,306	6,015,846,849	5,654,344,313
Restricted:			
Nonexpendable:			
Scholarships and fellowships	21,495,612	21,439,572	21,267,636
Research	7,637,941	7,636,977	7,636,377
Other	16,929,360	16,928,834	16,928,309
Expendable:			
Scholarships and fellowships	79,653,775	78,559,144	46,347,411
Research	88,611,190	78,683,998	71,771,113
Loans	25,178,098	22,664,745	28,673,376
Capital projects	1,419,193	4,891,748	6,836,529
Other	32,771,396	33,651,950	34,276,499
	8,026,980,617	7,833,951,523	7,463,536,221
Total net position			
	8,026,980,617	7,833,951,523	7,463,536,221
Total liabilities, deferred inflows of resources and net position	\$12,717,192,511	\$12,225,550,014	\$12,599,268,343

UNAUDITED

University System of Maryland
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ended December 31, 2023, Year Ended June 30, 2023 and Six Months Ended December 31, 2022

	Six Months Ended December 31, 2023	Year Ended June 30, 2023	Six Months Ended December 31, 2022
OPERATING REVENUES			
Tuition and fees	\$882,166,722	\$1,374,194,139	\$859,553,541
Federal grants and contracts	476,223,091	953,874,024	432,742,655
State and local grants and contracts	150,026,704	277,496,646	133,826,566
Nongovernmental grants and contracts	157,771,946	317,951,633	147,725,159
Sales and services of educational departments	207,814,843	411,628,170	197,833,270
Auxiliary enterprises:			
Residential facilities	113,808,761	199,367,549	109,785,081
Dining facilities	87,362,393	142,156,036	76,211,472
Intercollegiate athletics	72,394,557	146,377,690	55,889,443
Bookstore	8,670,095	12,699,645	6,759,983
Parking facilities	24,569,963	42,507,795	23,756,255
Other auxiliary enterprises revenues	89,100,478	165,581,317	85,035,334
Other operating revenues	38,550,582	90,444,137	52,896,317
Total operating revenues	2,308,460,135	4,134,278,781	2,182,015,076
OPERATING EXPENSES			
Instruction	811,596,935	1,600,428,234	718,135,498
Research	672,616,180	1,243,956,697	581,641,926
Public service	297,438,933	573,243,117	280,069,965
Academic support	308,691,978	558,525,052	288,298,431
Student services	186,209,236	358,122,854	153,735,762
Institutional support	390,486,684	617,157,870	325,266,951
Operation and maintenance of plant	223,087,981	468,746,425	225,209,367
Scholarships and fellowships	251,702,777	137,101,779	269,234,079
Auxiliary enterprises:			
Residential Facilities	112,214,845	191,683,735	101,976,444
Dining Facilities	78,352,152	144,142,417	72,109,977
Intercollegiate athletics	94,253,975	168,220,152	82,255,605
Bookstore	8,778,978	14,695,038	8,702,209
Parking Facilities	14,240,704	27,324,429	12,392,712
Other auxiliary enterprises expenses	85,318,208	159,279,496	85,695,550
Total operating expenses	3,534,989,566	6,262,627,295	3,204,724,476
Operating income	(1,226,529,431)	(2,128,348,514)	(1,022,709,400)

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University System of Maryland
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ended December 31, 2023, Year Ended June 30, 2023 and Six Months Ended December 31, 2022

	Six Months Ended December 31, 2023	Year Ended June 30, 2023	Six Months Ended December 31, 2022
NONOPERATING REVENUES (EXPENSES)			
State appropriations	1,040,312,003	1,953,912,133	1,014,820,760
Pell grants	99,037,580	179,807,022	87,490,469
Other nonoperating grants	7,823,007	59,342,332	28,055,366
Gifts	33,866,082	65,435,471	27,030,423
Investment income (loss)	83,403,430	139,254,630	30,114,606
Less: Investment expense	(1,633,356)	(1,771,876)	(1,771,876)
Interest on indebtedness	(23,094,224)	(35,940,588)	(25,539,519)
Other revenues (expenses) gains (losses)	35,282,372	71,486,779	(1,365,943)
Total nonoperating revenue (expenses)	1,274,996,894	2,431,525,903	1,158,834,286
Income before other revenues (expenses)	48,467,463	303,177,389	136,124,886
OTHER REVENUES (EXPENSES)			
Capital appropriations	141,943,083	305,138,195	113,331,308
Capital gifts and grants	2,561,018	12,166,701	783,848
Additions to permanent endowments	57,530	173,059	-
Total other revenues (expenses)	144,561,631	317,477,955	114,115,156
Increase in net position	193,029,094	620,655,344	250,240,042
Net position, beginning	7,833,951,523	7,213,296,179	7,213,296,179
Net position, ending	\$8,026,980,617	\$7,833,951,523	7,463,536,221

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**University System of Maryland
Operating Expenses by Object
For the Six Month Periods Ended December 31, 2023 and 2022**

	2023				2022			
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total
Instruction	\$705,016,398	\$64,828,966	\$41,751,571	\$811,596,935	\$615,492,202	\$66,101,147	\$36,542,149	\$718,135,498
Research	417,862,495.00	233,972,624	20,781,061	672,616,180	378,726,525	185,587,271	17,328,130	581,641,926
Public service	236,243,519.00	58,333,169	2,862,245	297,438,933	221,744,063	55,845,104	2,480,798	280,069,965
Academic support	216,592,363.00	70,515,128	21,584,487	308,691,978	177,454,850	91,442,382	19,401,199	288,298,431
Student services	123,453,861	57,537,087	5,218,288	186,209,236	78,024,039	70,866,766	4,844,957	153,735,762
Institutional support	254,727,422	118,943,736	16,815,526	390,486,684	211,409,587	104,259,797	9,597,567	325,266,951
Operation and maintenance of plant	94,512,745	86,388,947	42,186,289	223,087,981	83,166,431	102,270,154	39,772,782	225,209,367
Scholarships and fellowships	5,861,977	245,838,581	2,219	251,702,777	4,983,240	264,250,839		269,234,079
Auxiliary enterprises:								
Residential facilities	30,738,484	46,291,261	35,185,100	112,214,845	28,367,563	40,880,123	32,728,758	101,976,444
Dining facilities	29,662,419	43,932,990	4,756,743	78,352,152	26,858,459	41,629,941	3,621,577	72,109,977
Intercollegiate athletics	46,448,856	40,750,328	7,054,791	94,253,975	41,670,669	34,119,235	6,465,701	82,255,605
Bookstore	1,941,267	6,837,711		8,778,978	1,837,993	6,860,460	3,756	8,702,209
Parking facilities	6,763,162	4,539,330	2,938,212	14,240,704	6,089,779	3,394,775	2,908,158	12,392,712
Other auxiliary enterprises expen	37,256,179	29,751,202	18,310,827	85,318,208	32,610,026	36,376,909	16,708,615	85,695,550
Total operating expenses	\$2,207,081,147	\$1,108,461,060	\$219,447,359	\$3,534,989,566	\$1,908,435,426	\$1,103,884,903	\$192,404,147	\$3,204,724,476

UNAUDITED



Public College & University Financial Ratio Comparison
Moody's Aa1 Rating Category
June 30, 2023¹

Institution	Total Debt	Unrestricted	Primary	Debt Service	Operating Expenses	Operating	Market Value of Endowment	Number of Students ^{1,2}	Total FTE ^{1,2}	Endowment	Endowment	Effective Interest Rate	Increase in Unrestricted Net Assets		
		Net Assets	Reserve Ratio			Expense Leverage				per Student	per FTE		FY2023	FY2022	FY2021
University System of Maryland	1,324,998,291	1,553,647,706	117.26%	183,817,368	6,262,627,295	2.94%	2,095,331,417	106,709	99,269	19,636	21,108	2.59%	Y	Y	N
North Carolina State University at Raleigh ^{3,6}	526,594,551	(837,985,862)	-159.13%	62,095,608	1,709,282,851	3.63%	1,659,292,242	37,323	34,169	44,458	48,561	3.45%	Y	Y	Y
Ohio State University ⁵	3,667,502,000	2,403,851,000	65.54%	321,800,000	7,881,291,000	4.08%	2,742,619,000	65,405	65,401	41,933	41,935	4.86%	Y	N	Y
Pennsylvania State University (FASB) ⁵	3,885,923,000	4,857,250,000	125.00%	255,977,000	8,268,595,000	3.10%	4,457,340,000	87,903	81,112	50,707	54,953	2.80%	N	Y	Y
State University of Iowa ⁵	1,655,424,000	2,833,963,000	171.19%	152,895,000	4,591,384,000	3.33%	3,258,492,057	30,177	29,329	107,979	111,101	3.19%	Y	Y	Y
Texas Tech University System ^{4,5}	1,129,995,955	719,109,274	63.64%	159,644,969	2,617,974,477	6.10%	1,715,597,064	40,944	36,793	41,901	46,628	2.85%	Y	N	Y
University of Colorado ⁵	1,946,852,000	1,131,433,000	58.12%	237,334,000	5,379,113,000	4.41%	2,096,060,717	66,225	58,207	31,651	36,010	2.63%	Y	N	Y
University of Delaware (FASB)	671,172,000	1,591,093,000	237.06%	41,209,000	1,189,925,000	3.46%	1,819,782,846	24,221	22,442	75,132	81,087	4.26%	Y	Y	Y
University of Minnesota ⁵	1,991,735,000	1,579,690,000	79.31%	148,777,000	3,936,569,000	3.78%	2,151,595,000	68,366	58,669	31,472	36,673	3.49%	Y	Y	Y
University of Missouri System ⁶	1,897,123,000	1,937,543,000	102.13%	97,529,000	4,311,124,000	2.26%	2,234,800,147	68,246	51,767	32,746	43,171	3.85%	Y	Y	Y
University of Nebraska ⁵	1,191,529,000	1,785,441,000	149.84%	122,218,000	2,483,211,000	4.92%	2,266,094,683	49,415	42,513	45,858	53,304	3.37%	Y	Y	Y
University of Pittsburgh (FASB)	1,219,031,000	3,339,863,000	273.98%	107,331,000	2,812,616,000	3.82%	1,424,449,000	33,771	32,165	42,180	44,286	5.07%	N	N	Y
University of Utah	2,230,280,000	3,125,387,000	140.13%	272,252,000	7,228,983,000	3.77%	1,643,030,565	35,650	31,573	46,088	52,039	3.21%	Y	Y	Y
Virginia Tech ⁵	605,709,000	288,086,000	47.56%	72,522,000	1,824,861,000	3.97%	1,792,100,000	38,294	38,398	46,798	46,672	3.01%	Y	Y	Y
Average for group- 2023	1,710,276,343	1,879,169,366	109.88%	159,671,568	4,321,254,045	3.70%	2,239,756,053	53,761	48,700	41,662	45,990				
Average for group- 2022	1,610,302,083	1,662,405,916	103.24%	149,877,749	3,881,353,894	3.86%	2,134,957,377	53,500	46,875	39,906	45,546				

Source: most recent available audited financial statements

NOTES

- ¹ UMGC students are not included in the total enrollment count for University System of Maryland.
- ² Enrollment statistics as reported for Fall 2023 by the institutional research departments. FTE estimates were used when not available.
- ³ NC State has a short term Commercial Paper program that is drawn on and paid within 1 year, these payments have been excluded from debt service. Unrestricted Net Position is negative as a result of the Retiree Healthy Benefit Program Allocation and Pension Plan obligations.
- ⁴ TTUS has a fiscal year end of 8/31/2023
- ⁵ PY statements were restated which affected unrestricted net position
- ⁶ PY statements were restated but did not affect unrestricted net position

Interim Financial Statements and Peer Review

Sr. Vice Chancellor for
Administration and Finance
Ellen Herbst

Associate Vice Chancellor for
Financial Affairs
Celeste Denson

Director of Financial
Reporting, Comptroller
Brian Acton

April 2, 2024

12/65



System Interim Financial Statements

Unaudited – not required by statute or capital markets

Industry best practice

Corresponds to semester-based business cycle

Informs capital budgeting process

Certain adjustments not included

Statement of Net Position

	December 31, 2023	June 30, 2023	December 31, 2022
NET POSITION			
Unrestricted net position	1,664,876,746	1,553,647,706	1,575,454,658
Net investment in capital assets	6,088,407,306	6,015,846,849	5,654,344,313
Restricted:			
Nonexpendable:			
Scholarships and fellowships	21,495,612	21,439,572	21,267,636
Research	7,637,941	7,636,977	7,636,377
Other	16,929,360	16,928,834	16,928,309
Expendable:			
Scholarships and fellowships	79,653,775	78,559,144	46,347,411
Research	88,611,190	78,683,998	71,771,113
Loans	25,178,098	22,664,745	28,673,376
Capital projects	1,419,193	4,891,748	6,836,529
Other	32,771,396	33,651,950	34,276,499
Total net position	8,026,980,617	7,833,951,523	7,463,536,221
Total liabilities, deferred inflows of resources and net position	\$12,717,192,511	\$12,225,550,014	\$12,599,268,343

Statement of Revenues, Expenses and Changes in Net Position

	Six Months Ended December 31, 2023	Year Ended June 30, 2023	Six Months Ended December 31, 2022
OPERATING REVENUES			
Tuition and fees	\$882,166,722	\$1,374,194,139	\$859,553,541
Federal grants and contracts	476,223,091	953,874,024	432,742,655
State and local grants and contracts	150,026,704	277,496,646	133,826,566
Nongovernmental grants and contracts	157,771,946	317,951,633	147,725,159
Sales and services of educational departments	207,814,843	411,628,170	197,833,270
Auxiliary enterprises:			
Residential facilities	113,808,761	199,367,549	109,785,081
Dining facilities	87,362,393	142,156,036	76,211,472
Intercollegiate athletics	72,394,557	146,377,690	55,889,443
Bookstore	8,670,095	12,699,645	6,759,983
Parking facilities	24,569,963	42,507,795	23,756,255
Other auxiliary enterprises revenues	89,100,478	165,581,317	85,035,334
Other operating revenues	38,550,582	90,444,137	52,896,317
Total operating revenues	2,308,460,135	4,134,278,781	2,182,015,076

Statement of Revenues, Expenses and Changes in Net Position

	Six Months Ended December 31, 2023	Year Ended June 30, 2023	Six Months Ended December 31, 2022
NONOPERATING REVENUES (EXPENSES)			
State appropriations	1,040,312,003	1,953,912,133	1,014,820,760
Pell grants	99,037,580	179,807,022	87,490,469
Other nonoperating grants	7,823,007	59,342,332	28,055,366
Gifts	33,866,082	65,435,471	27,030,423
Investment income (loss)	83,403,430	139,254,630	30,114,606
Less: Investment expense	(1,633,356)	(1,771,876)	(1,771,876)
Interest on indebtedness	(23,094,224)	(35,940,588)	(25,539,519)
Other revenues (expenses) gains (losses)	35,282,372	71,486,779	(1,365,943)
Total nonoperating revenue (expenses)	1,274,996,894	2,431,525,903	1,158,834,286
Income before other revenues (expenses)	48,467,463	303,177,389	136,124,886

Statement of Revenues, Expenses and Changes in Net Position

	Six Months Ended December 31, 2023	Year Ended June 30, 2023	Six Months Ended December 31, 2022
OPERATING EXPENSES			
Instruction	811,596,935	1,600,428,234	718,135,498
Research	672,616,180	1,243,956,697	581,641,926
Public service	297,438,933	573,243,117	280,069,965
Academic support	308,691,978	558,525,052	288,298,431
Student services	186,209,236	358,122,854	153,735,762
Institutional support	390,486,684	617,157,870	325,266,951
Operation and maintenance of plant	223,087,981	468,746,425	225,209,367
Scholarships and fellowships	251,702,777	137,101,779	269,234,079
Auxiliary enterprises:			
Residential Facilities	112,214,845	191,683,735	101,976,444
Dining Facilities	78,352,152	144,142,417	72,109,977
Intercollegiate athletics	94,253,975	168,220,152	82,255,605
Bookstore	8,778,978	14,695,038	8,702,209
Parking Facilities	14,240,704	27,324,429	12,392,712
Other auxiliary enterprises expenses	85,318,208	159,279,496	85,695,550
Total operating expenses	3,534,989,566	6,262,627,295	3,204,724,476

Peer Comparison

Institution	<u>Primary Reserve Ratio</u>	<u>Operating Expense Leverage</u>	<u>Endowment per Student</u>	<u>Endowment per FTE</u>	<u>Effective Interest Rate</u>
University System of Maryland	117.26%	2.94%	19,636	21,108	2.59%
North Carolina State University at Raleigh ^{3,6}	-159.13%	3.63%	44,458	48,561	3.45%
Ohio State University ⁵	65.54%	4.08%	41,933	41,935	4.86%
Pennsylvania State University (FASB) ⁵	125.00%	3.10%	50,707	54,953	2.80%
State University of Iowa ⁵	171.19%	3.33%	107,979	111,101	3.19%
Texas Tech University System ^{4,5}	63.64%	6.10%	41,901	46,628	2.85%
University of Colorado ⁵	58.12%	4.41%	31,651	36,010	2.63%
University of Delaware (FASB)	237.06%	3.46%	75,132	81,087	4.26%
University of Minnesota ⁵	79.31%	3.78%	31,472	36,673	3.49%
University of Missouri System ⁶	102.13%	2.26%	32,746	43,171	3.85%
University of Nebraska ⁵	149.84%	4.92%	45,858	53,304	3.37%
University of Pittsburgh (FASB)	273.98%	3.82%	42,180	44,286	5.07%
University of Utah	140.13%	3.77%	46,088	52,039	3.21%
Virginia Tech ⁵	47.56%	3.97%	46,798	46,672	3.01%
<i>Average for group- 2023</i>	<u>109.88%</u>	<u>3.70%</u>	<u>41,662</u>	<u>45,990</u>	<u>3.47%</u>

Information & Discussion - Affiliated Foundation and Business Entity Policy compliance status

TOPIC: Affiliated Foundation and Business Entity Policy compliance status

COMMITTEE: Audit

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY: Board of Regents Policy IX-2.00 Policy on Affiliated Philanthropic Foundations and Policy VII-13.00 Policy on Business entities detail reporting and compliance requirements for foundations formally affiliated with a USM institution or the System as a whole and not-for-profit or other entities that have a formal business relationship with a USM institution or the System as a whole.

These policies require that audited financial statements, and other reports and listings, be provided to the System Office by October 31 annually. The Office of Administration and Finance reviews the items for unusual reporting items, and events that need to be followed up on.

In cases of egregious noncompliance or reporting, the first step is review with the Vice Chancellor for Advancement or the Senior Vice Chancellor for Administration and Finance, and then a discussion between the relevant executive at the entity in question and the institution with the existing relationship.

In the event of ongoing egregious noncompliance, the Board of Regents can take the step of revoking the affiliation status for the foundation or terminate the business relationship with the business entity.

The remaining items will continue to be pursued with the affiliated foundation or business entity and the appropriate institution. Any areas of noncompliance with Board Policy will be addressed to ensure the appropriate controls are in place going forward.

ALTERNATIVE(S): This is an information item.

FISCAL IMPACT: This is an information item.

CHANCELLOR'S RECOMMENDATION: This is an information item.

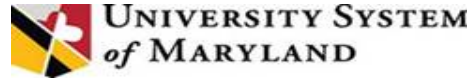
COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923



Affiliated Philanthropic Foundations Compliance Checklist

BOR Policy IX-2.00

FY23

			FY23 COMPLIANCE CHECKLIST											
Institution	Affiliated Foundation	Net Assets (in Millions)	Policy Section:	III.B	IV.B	IX.B1(a)	IX.B1(b)	IX.B1(c)	IX.B1(d)	IX.B1(e)	IX.B1(f)	IX.B1(g)	IX.B1(h)	IX.B5
			Certification of compliance signed by Responsible Official	Annual operating agreement	Agreement between the USM Board of Regents and Affiliated Foundation	Annual financial audit report	Annual audit report of transfers made to the USM and/or Institution	Annual audit report of unrestricted funds available to Chancellor and/or President	List of foundation officers and directors	List of USM employees who received compensation or other payments	IRS Form 990	List of all state and federal contracts and grants managed by the foundation	Written Affirmation	Annual Affiliated Foundation Operations Report
BSU	Bowie State University Foundation, Inc.	\$51.7	Yes	Yes	Pending	Yes	Yes (Not audited)	None reported	Yes	None reported	Yes	None reported	Yes	Yes
CSU	Coppin State University Development Foundation, Inc.	\$20.9	Yes	Yes	Pending	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
FSU	Frostburg State University Foundation	\$42.5	Yes	Yes	Pending	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
SU	Salisbury University Foundation, Inc.	\$108.1	Yes	Yes	Pending	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
TU	Towson University Foundation, Inc.	\$108.7	Yes	Yes	Pending	Yes	Yes	Yes	Yes	None reported	Yes	None reported	Yes	Yes
UBalt	University of Baltimore Foundation, Inc.	\$95.9	Yes	Yes	Pending	Yes	Yes	Yes	Yes	None reported	Yes	Yes	Yes	Yes
UMB	The University of Maryland Baltimore Foundation, Inc.	\$467.0	Yes	Yes	Pending	Yes	Yes	Yes	Yes	None reported	Yes	Yes	Yes	yes
UMCP	University of Maryland College Park Foundation, Inc.	\$1,034.7	Yes	Yes	Pending	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
USMO	The University System of Maryland Foundation, Inc.	\$522.6	Yes	Yes	Pending	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**Business Entity Compliance Reporting Checklist - BOR Policy VIII-13
FY2023**

Institution	Business entity	Total Assets (In Millions)	Reporting Compliance								
			Certification of compliance sheet signed by Institution President	VIII-13.00 (J.1.b) Report of fund invested in, or financing provided by the institution or any affiliated foundation to business entity	VIII-13.00 (J.1.c) Ownership interest acquired by the institution or any affiliated foundation to business entity	VIII-13.00 Current status of business entity	VIII-13.00 (J.1.e) Annual financial audit report or Compilation of FS	VIII-13.00 List of Officers and Directors	VIII-13.00 List of USM employees who received compensation or other payments	VIII-13.00 (J.1.h) List of all State and Federal contracts and grants managed by business entity	VIII-13.00 (J.3) President's evaluation of business entity performance
BSU	The Maryland Center at Bowie State University, Inc.	\$1.57	No	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
FSU	Research Foundation of Frostburg State University, Inc. (RF2)	\$0.04	Yes	Yes	Yes	Active	N/A due to size of entity	Yes	None	None	Yes
UMB	Maryland Global Initiatives Corporation (MGIC)	FY22 - \$12.17	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	Medical Alumni Association of the University of Maryland, Inc.	\$4.49	Yes	Yes	Yes	Active	Yes	Yes	None	None	N/A
UMB	University of Maryland Oral - Maxillofacial Surgery Associates, P.A. (UMOMSA)	\$0.51	Yes	Yes	Yes	Active	Yes	Yes	Yes	None	N/A
UMB	University of Maryland Faculty Dental Service Plan Associates, P.A. (UM FDSP)	\$5.30	Yes	Yes	Yes	Active	Yes	Yes	Yes	None	N/A
UMB	UMB Heath Sciences Research Park Corporation	\$17.62	Yes	Yes	Yes	Active	Yes	Yes	None	None	N/A
UMB	University of Maryland Faculty Physicians, Inc and Subsidiaries	\$323.51	Yes	Yes	Yes	Active	Yes	Yes	None	None	N/A
UMB	University Medicines International, LLC	\$0.01	Yes	Yes	Yes	Not Active	N/A due to size of entity	Yes	Yes	None	N/A
UMB	Uplift Alliance Inc. FSHO Entity (approved by BOR FY23)	\$0.00	Yes	Yes	Yes	Active	N/A - First year of financial activities	N/A - List not established	None	None	N/A
UMB	MSP - Pediatric Associates, P.A.	\$31.12	Yes	Yes	Yes	Active	Yes	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Anesthesiology Associates, P.A.	\$14.58	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Eye Associates, P.A.	\$2.12	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland OBGYN Associates, P.A.	\$17.16	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Emergency Medicine Associates, P.A.	\$11.15	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Dermatologists, P.A.	\$0.70	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - Diagnostic Imaging Specialists, P.A.	\$9.38	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Neurosurgery Associates, P.A.	\$3.81	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Oncology Associates, P.A.	\$3.28	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A

**Business Entity Compliance Reporting Checklist - BOR Policy VIII-13
FY2023**

Institution	Business entity	Total Assets (In Millions)	Reporting Compliance								
			Certification of compliance sheet signed by Institution President	VIII-13.00 (J.1.b) Report of fund invested in, or financing provided by the institution or any affiliated foundation to business entity	VIII-13.00 (J.1.c) Ownership interest acquired by the institution or any affiliated foundation to business entity	VIII-13.00 Current status of business entity	VIII-13.00 (J.1.e) Annual financial audit report or Compilation of FS	VIII-13.00 List of Officers and Directors	VIII-13.00 List of USM employees who received compensation or other payments	VIII-13.00 (J.1.h) List of all State and Federal contracts and grants managed by business entity	VIII-13.00 (J.3) President's evaluation of business entity performance
UMB	MSP - University of Maryland Physicians, P.A.	\$15.42	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Family Medicine Associates, P.A.	\$1.64	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Neurology Associates, P.A.	\$12.14	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Otorhinolaryngology, P.A.	\$5.43	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Pathology Associates, P.A.	\$5.18	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Psychiatry Associates, P.A.	\$10.40	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - Radiation Oncology Associates, P.A.	\$7.30	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMB	MSP - Shock Trauma Associates, P.A.	\$11.83	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Orthopaedic Associates, P.A.	\$26.33	Yes	Yes	Yes	Active	Yes	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Orthopaedic Trauma Associates, P.A.	Reported under Orthopaedic Associates, P.A.	Yes	Yes	Yes	Active	Yes	Yes	Yes	None	N/A
UMB	MSP - University of Maryland Surgical Associates, P.A.	\$15.20	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	None	N/A
UMBC	UMBC Research Park Corporation	\$17.99	Yes	Yes	Yes	Active	Yes	Yes	None	Yes	N/A
UMBC	UMBC Training Centers	FY22 - \$ 6.73	Yes	Yes	Yes	Active	Extension requested	Yes	None	Yes	N/A
UMCP	The Robert H. Smith School of Business Foundation, Inc.	\$11.53	Extension requested	Yes	Yes	Active	Yes	Yes	None	None	N/A
UMCP	The Maryland 4-H Foundation, Inc.	\$7.43	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	N/A
UMCP	M Club Foundation, University of Maryland, Inc.	\$2.81	Yes	Yes	Yes	Active	Yes	Yes	None	None	N/A
UMCP	The Harry R Hughes Center for Agro-Ecology, Inc.	\$0.08	Extension requested	Yes	Yes	Active	Yes	Yes	Yes	Yes	N/A
UMCP	Terrapin Development Company, LLC	\$63.15	Yes	Yes	Yes	Active	Yes	Yes	None	None	N/A

**Information & Discussion - CliftonLarsonAllen LLP,
Update Regarding FYE 2023 Single Audit and MHEC
Enrollment Reporting Agreed Upon Procedures**

TOPIC: CliftonLarsonAllen LLP, Update Regarding FYE 2023 A-133 Single Audit and FY 2023 MHEC Enrollment Reporting

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY:

Materials attached.

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION:

COMMITTEE ACTION: None

DATE:

BOARD ACTION: None.

DATE:

SUBMITTED BY: David Mosca



We'll get you there.

University System of Maryland

Audit Committee Meeting

April 2, 2024



Scope of Services and Deliverables - FY23 Status

Opinion on financial statements for the year ending June 30, 2022 *Issued January 2024*

Single audit testing as part of the State of Maryland Single Audit Report *Expected Issuance by April 15, 2024*

Governance communication letter *Issued January 2024*

Campus enrollment agreed-upon procedures *Expected Issuance in April 2024*

Howard P. Rawlings Scholarship Programs agreed-upon procedures *Due by June 1, 2024*



FY23 Single Audit

- Major Programs
 - Education Stabilization Fund ALN 84.425
 - Higher Education Institutional Aid 84.031



FY23 Single Audit Findings (DRAFT)

Finding Number	Assistance Listing #	Repeat Finding	Federal Program	Institution	Internal Control		Compliance	Compliance Requirement
					Material Weakness	Significant Deficiency		
2023-00X	84.425	No	Education Stabilization Fund (ESF)	BSU		X	X	Reporting - Overdrawing of Funds
2023-00X	84.425, 84.031	2022-009	Education Stabilization Fund (ESF); Higher Education Institutional Aid	CSU, BSU, UMES		X		Suspension and Debarment
2023-00X	84.031	No	Higher Education Institutional Aid	CSU		X	X	Procurement
2023-00X	84.425	No	Education Stabilization Fund (ESF)	UB		X		Allowable Cost and Activities - Lost Revenue
2023-00X	84.425	No	Education Stabilization Fund (ESF)	UMES		X	X	Allowable Cost and Activities - Student Portion Payments
2023-00X	84.425	2022-010	Education Stabilization Fund (ESF)	UMES		X	X	Reporting
2023-00X	84.031	No	Higher Education Institutional Aid	BSU, CSU	X		X	Allowable Cost and Activities - Payroll



FY23 Enrollment Report Findings

	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCP	UMES	UMGC
All Registered Students											
1. Actual enrollment as of the institutional freeze date	-	3	-	-	-	-	-	-	-	-	-
2. Race Category	3	1	-	-	1	1	-	-	-	5	-
3. Tuition status category	1	1	-	-	-	-	-	-	-	-	-
First Time, Full Time											
4. Actual enrollment as of the institutional freeze date	-	1	-	-	-	-	N/A	-	-	-	-
5. First-time, full-time status	1	-	-	-	-	-	N/A	-	-	10	-



Information & Discussion – Review of BOR Policies Related to the

TOPIC: Review of Board of Regents' Policies that Pertain to the Audit Committee

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

Attached are two Board of Regents (BOR) Policies that pertain to Committee on Audit:

BOR Policy VIII-7.20 – Policy on External Audits (Attachment A).

No modifications are recommended.

BOR Policy VIII-7.30 – Policy on Responses to Legislative Audits (Attachment B).

No modifications are recommended.

Procedures for Review of USM BOR Bylaws and Policy

The Organization and Compensation Committee of the USM BOR adopted the following comprehensive approach for the review of BOR bylaws and policies:

BYLAWS:

1. The Committee on Organization and Compensation should review BOR bylaws on a 4-year cycle.
2. Each BOR committee should conduct an annual review of their committee charge at the beginning of each fiscal year.

BOR POLICIES:

1. All BOR policies should be reviewed on a 4-year cycle.
2. Each policy should be assigned to a BOR committee(s); assigned policies should be relevant to the committee's mission.
3. USM staff will assist BOR committees in developing a detailed 4-year policy review schedule that considers policies that are high priority and identifies policies that are primarily technical or administrative in nature or dictated by external requirements.
4. Policy reviews should include an update of policies, as needed, as well as the elimination of unneeded policies and/or merger of policies.
5. Policies may be reviewed out of cycle if problems arise with the policy implementation or to implement best practices.
6. Each BOR committee should report annually at the end of each fiscal year to the BOR on the policies reviewed during the past 12 months.

Attachments.

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

April 2, 2024

VIII-7.20 – Policy on External Audits

(Approved by the Board of Regents, July 26, 1990; Revised June 22, 2018; Revised April 19, 2019)

1. There shall be an annual consolidated financial audit of institutions and components of the University of Maryland System and other audits as required by external entities.
2. An institution or component shall not obtain audit services without the prior approval of the Chancellor.
3. The Chancellor shall ensure that all institutions and components are included in the annual consolidated financial audit, that consolidated financial reports are prepared and issued on a timely basis, that a management letter is obtained from the auditor, and that responses thereto are coordinated on behalf of the System and presented to the Finance Committee and Audit Committee of the Board of Regents for review.

Each audit report of an institution or component shall be submitted to and retained by the Chancellor. The reports shall also be made available to the members of the BOR Audit Committee.

Attachment B

VIII-7.30 - POLICY ON RESPONSES TO LEGISLATIVE AUDITS

(Approved by the Board of Regents, July 26, 1990)

1. The Chief Executive Officer of an institution or component is responsible for preparing a response to a legislative audit of the institution or component and submitting the response to the Chancellor.
2. The Chancellor or designee shall coordinate all responses to legislative audits of each institution or component of the University of Maryland System and submit such responses to the Legislative Auditor within the required time schedule.
3. In the event an institution or component of the University System receives a "Poor" or "Very Poor" legislative audit rating, the President or Director shall make a presentation to the Finance Committee and Audit Committee of the Board of Regents addressing the audit problems and the planned corrective actions.

(Revised by the Board of Regents, June 22, 2018)

Information - Office of Legislative Audit Activity – Published Audit Reports

TOPIC: Update of Office of Legislative Audit Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

Since the Committee's December 2023 meeting, the Office of Legislative Audits (OLA) issued audit reports for three institutions:

- University Center for Environmental Science – No reported findings.
- Salisbury University – Two cybersecurity findings (Fully redacted).
- Towson University – One cybersecurity finding (Fully redacted).

OLA Engagements Currently Active:

- Bowie State University
- University of Maryland College Park
- University System of Maryland Office,
- Frostburg State University,
- University of Maryland Baltimore County,
- University of Maryland Global Campus.

attachments

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: None

DATE:

BOARD ACTION: None

DATE:

SUBMITTED BY: David Mosca

Information & Discussion – Title IX Internal Audit Activity

TOPIC: Title IX Internal Audit Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY:

See attached power point.

attachment

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

4-2-2024

Title IX Compliance & Internal Audit Activity

April 2, 2024

Objectives

Discuss Some Challenges Higher Education Institutions Face in Complying with Title IX

Discuss Some Internal Audit Reporting

Sources

1. Summary of Major Provisions of the Department of Education's Title IX Final Rule
2. Association of Title IX Administrators

Challenges of Title IX Compliance in Higher Education

1. Defining the Title IX Office and Accessibility (sexual discrimination, harassment and assault)
2. Training of Faculty, Staff and Students (Awareness)
3. Title IX Office - Staffing Professionals
4. Initial Responses and Investigation (Internal & External)
5. Timely Investigation

Internal Audit Title IX Audit Areas

- Policies and Procedures: Policies and procedures are consistent with Department of Education Title IX requirements.
- Awareness & Training: Effective controls, including training courses, are in place to ensure the campus community is aware of Title IX team contact information and grievance procedures.
- Investigations and Resolution: Procedures are in place and consistently followed to conduct impartial sexual misconduct investigations in accordance with Title IX regulations.
- Security and Confidentiality of Information: Procedures are in place to ensure that investigative information is secure and confidential.

Common Challenges

1. Training and Communication – Faculty, Staff and Students
2. Title IX Office - Awareness of Responsibilities and Accessibility
3. Professional Staffing and Investigative Resources
4. Response to Reports – Appropriate Immediate Action and Timely Subsequent Investigation (if appropriate).
5. Documentation and Record Keeping

Questions?

Attachment A

Summary of Major Provisions of the Department of Education's Title IX Final Rule

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

Issue	The Title IX Final Rule: Addressing Sexual Harassment in Schools
<p><i>1. Notice to the School, College, University (“Schools”): Actual Knowledge</i></p>	<p>The Final Rule requires a K-12 school to respond whenever <i>any</i> employee has notice of sexual harassment, including allegations of sexual harassment. Many State laws also require all K-12 employees to be mandatory reporters of child abuse. For postsecondary institutions, the Final Rule allows the institution to choose whether to have mandatory reporting for all employees, or to designate some employees to be confidential resources for college students to discuss sexual harassment without automatically triggering a report to the Title IX office.</p> <p>For all schools, notice to a Title IX Coordinator, or to an official with authority to institute corrective measures on the recipient’s behalf, charges a school with actual knowledge and triggers the school’s response obligations.</p>
<p><i>2. Definition of Sexual Harassment for Title IX Purposes</i></p>	<p>The Final Rule defines sexual harassment broadly to include any of three types of misconduct on the basis of sex, all of which jeopardize the equal access to education that Title IX is designed to protect: Any instance of <i>quid pro quo</i> harassment by a school’s employee; any unwelcome conduct that a reasonable person would find so severe, pervasive, and objectively offensive that it denies a person equal educational access; any instance of sexual assault (as defined in the Clery Act), dating violence, domestic violence, or stalking as defined in the Violence Against Women Act (VAWA).</p> <ul style="list-style-type: none"> - The Final Rule prohibits sex-based misconduct in a manner consistent with the First Amendment. <i>Quid pro quo</i> harassment and Clery Act/VAWA offenses are <u>not</u> evaluated for severity, pervasiveness, offensiveness, or denial of equal educational access, because such misconduct is sufficiently serious to deprive a person of equal access. - The Final Rule uses the Supreme Court’s <i>Davis</i> definition (severe <i>and</i> pervasive <i>and</i> objectively offensive conduct, effectively denying a person equal educational access) as one of the three categories of sexual harassment, so that where unwelcome sex-based conduct consists of speech or expressive conduct, schools balance Title IX enforcement with respect for free speech and academic freedom. - The Final Rule uses the Supreme Court’s Title IX-specific definition rather than the Supreme Court’s Title VII workplace standard (severe <i>or</i> pervasive conduct creating a hostile work environment). First Amendment concerns differ in educational environments and workplace environments, and the Title IX definition provides First Amendment protections appropriate for educational institutions where students are learning, and employees are teaching. Students, teachers, faculty, and others should enjoy free speech and academic freedom protections, even when speech or expression is offensive.

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

<p><i>3. Sexual Harassment Occurring in a School’s “Education Program or Activity” and “in the United States”</i></p>	<p>The Title IX statute applies to persons in the United States with respect to education programs or activities that receive Federal financial assistance. Under the Final Rule, schools must respond when sexual harassment occurs in the school’s education program or activity, against a person in the United States.</p> <ul style="list-style-type: none"> - The Title IX statute and existing regulations contain broad definitions of a school’s “program or activity” and the Department will continue to look to these definitions for the scope of a school’s education program or activity. Education program or activity includes locations, events, or circumstances over which the school exercised substantial control over both the respondent and the context in which the sexual harassment occurred, and also includes any building owned or controlled by a student organization that is officially recognized by a postsecondary institution (such as a fraternity or sorority house). - Title IX applies to all of a school’s education programs or activities, whether such programs or activities occur on-campus or off-campus. A school may address sexual harassment affecting its students or employees that falls outside Title IX’s jurisdiction in any manner the school chooses, including providing supportive measures or pursuing discipline.
<p><i>4. Accessible Reporting to Title IX Coordinator</i></p>	<p>The Final Rule expands a school’s obligations to ensure its educational community knows how to report to the Title IX Coordinator.</p> <ul style="list-style-type: none"> - The employee designated by a recipient to coordinate its efforts to comply with Title IX responsibilities must be referred to as the “Title IX Coordinator.” - Instead of notifying only students and employees of the Title IX Coordinator’s contact information, the school must also notify applicants for admission and employment, parents or legal guardians of elementary and secondary school students, and all unions, of the name or title, office address, e-mail address, and telephone number of the Title IX Coordinator. - Schools must prominently display on their websites the required contact information for the Title IX Coordinator. - Any person may report sex discrimination, including sexual harassment (whether or not the person reporting is the person alleged to be the victim of conduct that could constitute sex discrimination or sexual harassment), in person, by mail, by telephone, or by e-mail, using the contact information listed for the Title IX Coordinator, or by any other means that results in the Title IX Coordinator receiving the person’s verbal or written report. - Such a report may be made at any time, including during non-business hours, by using the telephone number or e-mail address, or by mail to the office address, listed for the Title IX Coordinator.
<p><i>5. School’s Mandatory Response Obligations: The Deliberate Indifference Standard</i></p>	<p>Schools must respond promptly to Title IX sexual harassment in a manner that is not deliberately indifferent, which means a response that is not clearly unreasonable in light of the known circumstances. Schools have the following mandatory response obligations:</p> <ul style="list-style-type: none"> - Schools must offer supportive measures to the person alleged to be the victim (referred to as the “complainant”).

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

	<ul style="list-style-type: none"> - The Title IX Coordinator must promptly contact the complainant confidentially to discuss the availability of supportive measures, consider the complainant’s wishes with respect to supportive measures, inform the complainant of the availability of supportive measures with or without the filing of a formal complaint, and explain to the complainant the process for filing a formal complaint. - Schools must follow a grievance process that complies with the Final Rule before the imposition of any disciplinary sanctions or other actions that are not supportive measures, against a respondent. - Schools must not restrict rights protected under the U.S. Constitution, including the First Amendment, Fifth Amendment, and Fourteenth Amendment, when complying with Title IX. - The Final Rule requires a school to investigate sexual harassment allegations in any formal complaint, which can be filed by a complainant, or signed by a Title IX Coordinator. - The Final Rule affirms that a complainant’s wishes with respect to whether the school investigates should be respected unless the Title IX Coordinator determines that signing a formal complaint to initiate an investigation over the wishes of the complainant is not clearly unreasonable in light of the known circumstances. - If the allegations in a formal complaint do not meet the definition of sexual harassment in the Final Rule, or did not occur in the school’s education program or activity against a person in the United States, the Final Rule clarifies that the school must dismiss such allegations <i>for purposes of Title IX</i> but may still address the allegations in any manner the school deems appropriate under the school’s own code of conduct.
<p>6. <i>School’s Mandatory Response Obligations:</i> <i>Defining</i> <i>“Complainant,”</i> <i>“Respondent,”</i> <i>“Formal Complaint,”</i> <i>“Supportive Measures”</i></p>	<p>When responding to sexual harassment (e.g., by offering supportive measures to a complainant and refraining from disciplining a respondent without following a Title IX grievance process, which includes investigating formal complaints of sexual harassment), the Final Rule provides clear definitions of complainant, respondent, formal complaint, and supportive measures so that recipients, students, and employees clearly understand how a school must respond to sexual harassment incidents in a way that supports the alleged victim and treats both parties fairly.</p> <p>The Final Rule defines “complainant” as an individual <i>who is alleged to be the victim</i> of conduct that could constitute sexual harassment.</p> <ul style="list-style-type: none"> - This clarifies that any third party as well as the complainant may report sexual harassment. - While parents and guardians do not become complainants (or respondents), the Final Rule expressly recognizes the legal rights of parents and guardians to act on behalf of parties (including by filing formal complaints) in Title IX matters. <p>The Final Rule defines “respondent” as an individual who has been reported to be the perpetrator of conduct that could constitute sexual harassment.</p>

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

	<p>The Final Rule defines “formal complaint” as a document filed by a complainant or signed by the Title IX Coordinator alleging sexual harassment against a respondent and requesting that the school investigate the allegation of sexual harassment and states:</p> <ul style="list-style-type: none"> - At the time of filing a formal complaint, a complainant must be participating in or attempting to participate in the education program or activity of the school with which the formal complaint is filed. - A formal complaint may be filed with the Title IX Coordinator in person, by mail, or by electronic mail, by using the contact information required to be listed for the Title IX Coordinator under the Final Rule, and by any additional method designated by the school. - The phrase “document filed by a complainant” means a document or electronic submission (such as by e-mail or through an online portal provided for this purpose by the school) that contains the complainant’s physical or digital signature, or otherwise indicates that the complainant is the person filing the formal complaint. - Where the Title IX Coordinator signs a formal complaint, the Title IX Coordinator is not a complainant or a party during a grievance process, and must comply with requirements for Title IX personnel to be free from conflicts and bias. <p>The Final Rule defines “supportive measures” as individualized services reasonably available that are non-punitive, non-disciplinary, and not unreasonably burdensome to the other party while designed to ensure equal educational access, protect safety, or deter sexual harassment.</p> <ul style="list-style-type: none"> - The Final Rule evaluates a school’s selection of supportive measures and remedies based on what is not clearly unreasonable in light of the known circumstances, and does not second guess a school’s disciplinary decisions, but requires the school to offer supportive measures, and provide remedies to a complainant whenever a respondent is found responsible.
<p>7. <i>Grievance Process, General Requirements</i></p>	<p>The Final Rule prescribes a consistent, transparent grievance process for resolving formal complaints of sexual harassment. Aside from hearings (see Issue #9 below), the grievance process prescribed by the Final Rule applies to all schools equally including K-12 schools and postsecondary institutions. The Final Rule states that a school’s grievance process must:</p> <ul style="list-style-type: none"> - Treat complainants equitably by providing remedies any time a respondent is found responsible, and treat respondents equitably by not imposing disciplinary sanctions without following the grievance process prescribed in the Final Rule. - Remedies, which are required to be provided to a complainant when a respondent is found responsible, must be designed to maintain the complainant’s equal access to education and may include the same individualized services described in the Final Rule as supportive measures; however, remedies need not be non-disciplinary or non-punitive and need not avoid burdening the respondent. - Require objective evaluation of all relevant evidence, inculpatory and exculpatory, and avoid credibility determinations based on a person’s status as a complainant, respondent, or witness.

Summary of Major Provisions of the Department of Education's Title IX Final Rule

- Require Title IX personnel (Title IX Coordinators, investigators, decision-makers, people who facilitate any informal resolution process) to be free from conflicts of interest or bias for or against complainants or respondents.
- Training of Title IX personnel must include training on the definition of sexual harassment in the Final Rule, the scope of the school's education program or activity, how to conduct an investigation and grievance process including hearings, appeals, and informal resolution processes, as applicable, and how to serve impartially, including by avoiding prejudgment of the facts at issue, conflicts of interest, and bias.
- A school must ensure that decision-makers receive training on any technology to be used at a live hearing.
- A school's decision-makers and investigators must receive training on issues of relevance, including how to apply the rape shield protections provided only for complainants.
- Include a presumption that the respondent is not responsible for the alleged conduct until a determination regarding responsibility is made at the conclusion of the grievance process.
- Recipients must post materials used to train Title IX personnel on their websites, if any, or make materials available for members of the public to inspect.
- Include reasonably prompt time frames for conclusion of the grievance process, including appeals and informal resolutions, with allowance for short-term, good cause delays or extensions of the time frames.
- Describe the range, or list, the possible remedies a school may provide a complainant and disciplinary sanctions a school might impose on a respondent, following determinations of responsibility.
- State whether the school has chosen to use the preponderance of the evidence standard, or the clear and convincing evidence standard, for all formal complaints of sexual harassment (including where employees and faculty are respondents).
- Describe the school's appeal procedures, and the range of supportive measures available to complainants and respondents.
- A school's grievance process must not use, rely on, or seek disclosure of information protected under a legally recognized privilege, unless the person holding such privilege has waived the privilege.
- Any provisions, rules, or practices other than those required by the Final Rule that a school adopts as part of its grievance process for handling formal complaints of sexual harassment, must apply equally to both parties.

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

<p><i>8. Investigations</i></p>	<p>The Final Rule states that the school must investigate the allegations in any formal complaint and send written notice to both parties (complainants and respondents) of the allegations upon receipt of a formal complaint. During the grievance process and when investigating:</p> <ul style="list-style-type: none"> - The burden of gathering evidence and burden of proof must remain on schools, not on the parties. - Schools must provide equal opportunity for the parties to present fact and expert witnesses and other inculpatory and exculpatory evidence. - Schools must not restrict the ability of the parties to discuss the allegations or gather evidence (e.g., no “gag orders”). - Parties must have the same opportunity to select an advisor of the party’s choice who may be, but need not be, an attorney. - Schools must send written notice of any investigative interviews, meetings, or hearings. - Schools must send the parties, and their advisors, evidence directly related to the allegations, in electronic format or hard copy, with at least 10 days for the parties to inspect, review, and respond to the evidence. - Schools must send the parties, and their advisors, an investigative report that fairly summarizes relevant evidence, in electronic format or hard copy, with at least 10 days for the parties to respond. - Schools must dismiss allegations of conduct that do not meet the Final Rule’s definition of sexual harassment or did not occur in a school’s education program or activity against a person in the U.S. Such dismissal is only for Title IX purposes and does not preclude the school from addressing the conduct in any manner the school deems appropriate. - Schools may, in their discretion, dismiss a formal complaint or allegations therein if the complainant informs the Title IX Coordinator in writing that the complainant desires to withdraw the formal complaint or allegations therein, if the respondent is no longer enrolled or employed by the school, or if specific circumstances prevent the school from gathering sufficient evidence to reach a determination. - Schools must give the parties written notice of a dismissal (mandatory or discretionary) and the reasons for the dismissal. - Schools may, in their discretion, consolidate formal complaints where the allegations arise out of the same facts. - The Final Rule protects the privacy of a party’s medical, psychological, and similar treatment records by stating that schools cannot access or use such records unless the school obtains the party’s voluntary, written consent to do so.
<p><i>9. Hearings:</i></p>	<p>The Final Rule adds provisions to the “live hearing with cross-examination” requirement for postsecondary institutions and clarifies that hearings are optional for K-12 schools (and any other recipient that is not a postsecondary institution).</p>

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

<p>(a) <i>Live Hearings & Cross-Examination (for Postsecondary Institutions)</i></p>	<p>(a) For postsecondary institutions, the school’s grievance process must provide for a live hearing:</p> <ul style="list-style-type: none"> - At the live hearing, the decision-maker(s) must permit each party’s advisor to ask the other party and any witnesses all relevant questions and follow-up questions, including those challenging credibility. - Such cross-examination at the live hearing must be conducted directly, orally, and in real time by the party’s advisor of choice and never by a party personally. - At the request of either party, the recipient must provide for the entire live hearing (including cross-examination) to occur with the parties located in separate rooms with technology enabling the parties to see and hear each other. - Only relevant cross-examination and other questions may be asked of a party or witness. Before a complainant, respondent, or witness answers a cross-examination or other question, the decision-maker must first determine whether the question is relevant and explain to the party’s advisor asking cross-examination questions any decision to exclude a question as not relevant. - If a party does not have an advisor present at the live hearing, the school must provide, without fee or charge to that party, an advisor of the school’s choice who may be, but is not required to be, an attorney to conduct cross-examination on behalf of that party. - If a party or witness does not submit to cross-examination at the live hearing, the decision-maker(s) must not rely on any statement of that party or witness in reaching a determination regarding responsibility; provided, however, that the decision-maker(s) cannot draw an inference about the determination regarding responsibility based solely on a party’s or witness’s absence from the live hearing or refusal to answer cross-examination or other questions. - Live hearings may be conducted with all parties physically present in the same geographic location or, at the school’s discretion, any or all parties, witnesses, and other participants may appear at the live hearing virtually. - Schools must create an audio or audiovisual recording, or transcript, of any live hearing.
<p>(b) <i>Hearings are Optional, Written Questions Required (for K-12 Schools)</i></p>	<p>(b) For recipients that are K-12 schools, and other recipients that are not postsecondary institutions, the recipient’s grievance process may, <i>but need not</i>, provide for a hearing:</p> <ul style="list-style-type: none"> - With or without a hearing, after the school has sent the investigative report to the parties and before reaching a determination regarding responsibility, the decision-maker(s) must afford each party the opportunity to submit written, relevant questions that a party wants asked of any party or witness, provide each party with the answers, and allow for additional, limited follow-up questions from each party.
<p>(c) <i>Rape Shield Protections for Complainants</i></p>	<p>(c) The Final Rule provides rape shield protections for complainants (as to all recipients whether postsecondary institutions, K-12 schools, or others), deeming irrelevant questions and evidence about a complainant’s prior sexual behavior unless offered to prove that someone other than the respondent committed the alleged misconduct or offered to prove consent.</p>

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

<p><i>10. Standard of Evidence & Written Determination</i></p>	<p>The Final Rule requires the school’s grievance process to state whether the standard of evidence to determine responsibility is the preponderance of the evidence standard or the clear and convincing evidence standard. The Final Rule makes each school’s grievance process consistent by requiring each school to apply the same standard of evidence for all formal complaints of sexual harassment whether the respondent is a student or an employee (including faculty member).</p> <ul style="list-style-type: none"> - The decision-maker (who cannot be the same person as the Title IX Coordinator or the investigator) must issue a written determination regarding responsibility with findings of fact, conclusions about whether the alleged conduct occurred, rationale for the result as to each allegation, any disciplinary sanctions imposed on the respondent, and whether remedies will be provided to the complainant. - The written determination must be sent simultaneously to the parties along with information about how to file an appeal.
<p><i>11. Appeals</i></p>	<p>The Final Rule states that a school must offer both parties an appeal from a determination regarding responsibility, and from a school’s dismissal of a formal complaint or any allegations therein, on the following bases: procedural irregularity that affected the outcome of the matter, newly discovered evidence that could affect the outcome of the matter, and/or Title IX personnel had a conflict of interest or bias, that affected the outcome of the matter.</p> <ul style="list-style-type: none"> - A school may offer an appeal equally to both parties on additional bases.
<p><i>12. Informal Resolution</i></p>	<p>The Final Rule allows a school, in its discretion, to choose to offer and facilitate informal resolution options, such as mediation or restorative justice, so long as both parties give voluntary, informed, written consent to attempt informal resolution. Any person who facilitates an informal resolution must be well trained. The Final Rule adds:</p> <ul style="list-style-type: none"> - A school may not require as a condition of enrollment or continuing enrollment, or employment or continuing employment, or enjoyment of any other right, waiver of the right to a formal investigation and adjudication of formal complaints of sexual harassment. Similarly, a school may not require the parties to participate in an informal resolution process and may not offer an informal resolution process unless a formal complaint is filed. - At any time prior to agreeing to a resolution, any party has the right to withdraw from the informal resolution process and resume the grievance process with respect to the formal complaint. - Schools must not offer or facilitate an informal resolution process to resolve allegations that an employee sexually harassed a student.

Summary of Major Provisions of the Department of Education’s Title IX Final Rule

<p><i>13. Retaliation Prohibited</i></p>	<p>The Final Rule expressly prohibits retaliation.</p> <ul style="list-style-type: none">- Charging an individual with code of conduct violations that do not involve sexual harassment, but arise out of the same facts or circumstances as a report or formal complaint of sexual harassment, for the purpose of interfering with any right or privilege secured by Title IX constitutes retaliation.- The school must keep confidential the identity of complainants, respondents, and witnesses, except as may be permitted by FERPA, as required by law, or as necessary to carry out a Title IX proceeding.- Complaints alleging retaliation may be filed according to a school’s prompt and equitable grievance procedures.- The exercise of rights protected under the First Amendment does not constitute retaliation.- Charging an individual with a code of conduct violation for making a materially false statement in bad faith in the course of a Title IX grievance proceeding does not constitute retaliation; however, a determination regarding responsibility, alone, is not sufficient to conclude that any party made a bad faith materially false statement.
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Information & Discussion - Follow up of Action Items from Previous Meetings

TOPIC: Follow up of Action Items from Prior Audit Committee Meetings

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY:

See Attachment: Register of Open Action Items From 2022 – 2024 Audit Committee Meetings.

attachment

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

USM Board of Regents
 Action Items From 2022 - 2024 Audit Committee Meetings
 2-Apr-24

Action Item

Status

From December Audit Committee Meeting

1.	Schedule a Committee meeting in January to review and discuss final independent audit report for FYE 6-30-2023 audited financial statements.	Meeting held January 2024 with CLA's report on USM independent financial statement audit.
2.	USM to ask members of ERM group to submit weapons policy ahead of next ERM meeting. USM to report back to Audit Committee the existence/non-existence of a weapon policy at each USM institution.	Planning for June 2024 meeting.

From June 2023 Audit Committee Meeting

1.	CLA to share best practices with the Committee to address cyber security issues found during their audit.	Update provided in January 2024 meeting with CLA's report on USM independent financial statement audit.
2.	Include annual discussion of Single Audit terminology and impact of findings.	Included in Committee's 2023 annual work plan. Scheduled for June 2024 meeting.
3.	Provide Committee with semiannual updates on ERM and Crisis Management.	Included in Committee's December 2023 meeting and scheduled for June 2024 meeting.

From March 2023 Audit Committee Meeting

1.	Periodically monitor significant changes in foundations and entities to ensure proper recognition in financial statements.	Completed in December 2023 Committee meeting.
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From December 2022 Audit Committee Meeting

1.	Provide Committee w/ a Comparison of OLA Work Scope to OIA's CY 2023 Audit Plan	Included in Committee's December 2023 meeting.
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Note: Action items concluded prior to the December 2023 BOR Audit Committee meeting are not included in this schedule.

Approval - Convene to Closed Session

TOPIC: Convening Closed Session

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: April 2, 2024

SUMMARY:

The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Audit will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents, it is posted on the USM's website and copies are available here today.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the BOR Audit Committee vote to reconvene in closed session.

COMMITTEE ACTION:

DATE: 4-2-2024

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca, 443.367.0035, dmosca@usmd.edu



STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS

Date: April 2, 2024
Time: Approximately 11:00 AM
Location: Zoom

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
 - [] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - [x] (ii) Any other personnel matter that affects one or more specific individuals.
- (2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) [] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [x] To consult with counsel to obtain legal advice.
- (8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10) To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
- (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- (15) To discuss cybersecurity, if the public body determines that public discussion would constitute a risk to: (i) security assessments or deployments relating to information resources technology; (ii) network security information, including information that is: 1. related to passwords, personal identification numbers, access codes, encryption, or other components of the security system of a governmental entity; 2. collected, assembled, or maintained by or for a governmental entity to prevent, detect, or investigate criminal activity; or 3. related to an assessment, made by or for a governmental entity or maintained by a governmental entity, of the vulnerability of a network to criminal activity; or (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED:

Discussion of personnel matters as these arise related to matters on the closed session agenda; discussion of legal matters with Counsel of the Higher Education Division of the Maryland Office of the Attorney General and receipt of legal advice; discussion of legislative audit matters that are confidential by statute as these are ongoing; discussion of investigative matters involving actual or potential criminal conduct which may lead to criminal prosecution, potential legal action or personnel action;; meeting separately with independent auditor's engagement partner and USM's VC of accountability; IT security

matters that pose vulnerabilities of networks, critical IT infrastructure and information resources; and calendar year 2024 internal audit plan of activity.

REASON FOR CLOSING:

- 1) To maintain the confidentiality of personnel matters involved in various topics on the closed session agenda, including legal advice, investigations of possible criminal activity and ongoing legislative audits (General§3-305(b)(1))
- 2) To maintain confidentiality and attorney-client privilege regarding legal advice received from the OAG's Higher Education Division (§3-305(b)(7));
- 3) To maintain confidentiality of discussions of investigations involving possible criminal behavior, which could result in criminal prosecutions (§3-305(b)(12));
- 3) To maintain the confidentiality of matters involved in ongoing legislative audits, as required by Section 2-1226 of the State Government Article of the Annotated Code of Maryland (§3-305(b)(13));
- 4) To maintain confidentiality of USM's cybersecurity that would constitute a risk vulnerability of networks, critical IT infrastructure and information resources; (§3-305(b)(15);
- 5) To carry out an administrative function: discussion of calendar year's 2024 audit plan of activity by the USM Office of Internal Audit (§ 3-103(a)(1)(i); and
- 6) To carry out an administrative function: the Committee's separate meeting with the VC of Accountability and independent auditors (§3-103(b)(1)(ii).