



UNIVERSITY SYSTEM
of MARYLAND

REFRESHER ON OLA Audits – September 2022

Expectations and processes associated with auditing and reporting performed by the staff of the Maryland Office of Legislative Audits (OLA)

OLA audits evaluate internal controls and compliance with State laws and regulations and primarily focus on fiscal operations, information systems, and programs with financial impact on the State.

By statute and state policy, OLA conducts examinations of each state agency, including each USM institution, at least every four years. (Due to their size and complexity, UMB and UMCP are examined every three years.)

Each review consists of field work performed by two separate teams. One team is focused on **information technology** (IT) security controls, procedures, and exposures. The other team is **Fiscal Compliance**—which focuses on compliance with laws, state and System policies, and internal controls over fiscal and administrative matters.

The sequence of work includes the following steps:

1. Entrance conference
2. Field work
3. Discussion notes, and other findings to be communicated informally
4. Institution's response to OLA's discussion notes
5. Exit conference
6. Draft Report (combines the findings both teams)
7. Institution's response to OLA's findings
8. Final Report, publicly issued
9. USM Office request regarding the status of institution's progress in resolving the findings
10. USM Office of Internal Audit follow-up review of institutional stated process and status of implementation

Steps 1 – 5 are conducted separately by the IT and Fiscal Compliance teams.

OLA's Draft Report (#6 above), as well as the associated correspondence and discussion notes, are provided to the Chair of the Board of Regents, Chancellor, VCAF, and Director of Internal Audit.

The Final Report (#8 above), which includes the "System" (institution's) responses, is placed in a public media file 7 days after completion. This public file is often examined carefully, and in some instances, the perceived shortcomings become the subject of negative reports by the media and communication from the members of the General Assembly.

In accordance with state policy, formal communications regarding each USM institution, center, or activity audited by OLA shall be transmitted under the signature of the Agency Head or designee. Senior Vice Chancellor Herbst oversees and represents the System as the Chancellor's designee on these matters.

The appropriate USM Office personnel must be included in:

- Entrance conferences
- Mid-field work communications by Legislative Audit on matters common across USM institutions
- Distribution of discussion notes
- Exit conferences
- Institution responses to draft report
- Follow-up communications between OLA and the institution on unresolved report matters

Fiscal and IT Compliance. With Bob Page's retirement, **Celeste Denson** (cdenson@usmd.edu) is the point person on SVC Herbst's staff for attending **both** the information technology and fiscal engagement key points and will oversee the preparation of System correspondence with OLA.

IT Compliance. **Michael Eismeier** (meismeier@usmd.edu), USM's Chief Information Officer, is a key leader in monitoring, understanding, and advocating on behalf of the System where appropriate, on the information technology portions of Legislative Audit engagements. Michael must be invited to any entrance and exit conference—this is in addition to Dave Mosca and Celeste Denson. Your team should include/copy Michael on the distribution of any discussion notes or other findings communicated to the institution related to information technology legislative field work and reports.

The proper execution of this work is critical in ensuring that there is a current understanding and awareness of any findings as they develop and are validated through the release of the final, publicly available report. This information plays an important role in alerting other institutions as to the changing focus and emphasis on particular issues as the scope and control expectations evolve. With this knowledge, we are better positioned to consider potential Systemwide policy gaps and other approaches to resolving or improving issues relating to the OLA's findings, particularly those which might impact one or more institutions.

Please share this information with the staff at your institution who are involved in this effort.