



**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
**INFORMATION** OR **DISCUSSION**

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**TOPIC:** Information/Discussion – Update of Office of Legislative Audit Activity

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 24, 2014

1. Since the December 2013 Audit Committee meeting, the Office of Legislative Audit (OLA) issued a status findings report of UMES (Attachment A).

2. OLA Engagements Currently Active:

- UMCP
- UB
- BSU, and
- UMES.

3. Internal Audit’s OLA Follow Up Engagements Currently in Process

- UMB, and
- TU

(attachments)

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: None

DATE:

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BOARD ACTION: None.

DATE:

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SUBMITTED BY: David Mosca

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**Summary Analysis of the Office of Legislative Audit's (OLA) Status of Findings Report of UMES**

In February 2014, the Office of Legislative Audit's (OLA) issued report to the State's Budget Committee regarding UMES' repeat findings. This is the first one of its kind since a new law was passed which empowers the Budget Committee to withhold funds from those state agencies with four or more repeat findings (UMES had four repeats). In last year's legislative session, the budget committee withheld \$100K from UMES until it shows that all of the repeat findings have been resolved. OLA reports that two of the four repeat findings remain unresolved. One is IT/IS related and the other is part of OLA's fiscal audit.

Regarding the IT/IS finding, it appears reasonable that this finding has not been fully implemented (repeat). In all of UMES' prior correspondences to OLA, it's stated that this particular issue will be fully resolved by August 2014. All concerned are satisfied by this resolution date.

Regarding the non IT/IS issue, OLA notes that while UMES has made progress, however a portion of one of the findings is not resolved. This finding relates to the independent review of housing and board, non-cash credit adjustments. A non-cash credit adjustment occurs when a student withdraws from University housing or a student moves to a new room which has a lower rate.

UMES is of the belief that this issue has been resolved and disagrees that it should be considered a repeat finding. The difference in perspectives between UMES and OLA are associated; (1) access and capabilities of one employee at a practical level as compared with technical ability, and (2) the independent review of non-cash credit adjustments outside the purview of Residence Life.

Both OLA and UMES have submitted valid points as to what should be "technically" a repeat finding. While it appears that UMES had addressed the specific recommendations in OLA's initial audit report, there are still some control issues that could be improved upon. UMES has conveyed that they will take action to further improve these controls. Internal Audit had found this finding to be implemented when it conducted its follow up audit in 2012.

Lastly, the legislative auditors have conveyed that they will reassess UMES's progress in addressing this issue in the coming months.

**USM**  
**Summary of Audit Findings per**  
**Office of Legislative Audits**  
**3/13/2014**

**ATTACHMENT B**

	OLA Report Issued:														Total
	Feb-11	Nov-13	Aug-13	Jul-12	Jun-13	Jul-11	Apr-13	May-12	May-12	Jul-11	Aug-11	Feb-13	Jan-12		
	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP**	UMES	UMUC	USMO		
<b>Change in Total OLA Report Findings*</b>	-8	-2	-4	0	-2	-5	-6	-1	-1	-3	4	-1	-2	<b>-31</b>	
<b>Change in Total REPEAT Findings*</b>	-3	-1	0	-3	-4	1	-6	-1	0	-3	3	-1	0	<b>-18</b>	
	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP**	UMES	UMUC	USMO	Total	
<b>Total Current OLA Report Findings</b>	7	12	4	6	6	6	7	8	1	9	11	7	7	91	
<b>Total Repeat Findings (included in Total)</b>	3	5	1	0	0	4	2	1	0	4	4	0	3	27	

Note 1 (\*) - Change represents difference from most recent year's audit report to its previous report.

Note 2 (\*\*) - OLA issues two reports for UMCP, one non-IT and one-IT report.

The most recent non-IT UMCP report was issued in July 2011.

The most recent IT UMCP report was issued in October 2009.