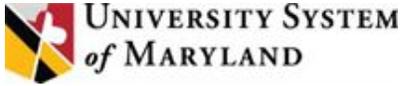




**UNIVERSITY SYSTEM OF MARYLAND  
BOARD OF REGENTS - AUDIT COMMITTEE  
OPEN MEETING AGENDA**

**March 28, 2022**

- |  |                                      |
|--|--------------------------------------|
| 1. Information & Discussion - USM's Half Year (12/31/2021)<br>Financial Statements & Financial Comparison Analysis to Peer<br>Institutions           | Ms. Denson<br>Ms. Herbst<br>Mr. Page |
| 2. Information & Discussion – Annual Affiliated Foundation Compliance<br>Report  | Ms. Denson                           |
| 3. Information & Discussion – Update from the Enterprise Risk and<br>Crisis Management Work Group  | Mr. Pope<br>Ms. Herbst               |
| 4. Information, Discussion & Approval – Review of Board of Regent<br>Policy – Recommended Modifications to the Office of Internal Audit's<br>Charter | Mr. Mosca                            |
| 5. Information - Office of Legislative Audit Activity – Published Audit<br>Reports   | Mr. Mosca                            |
| 6. Information & Discussion - Follow up of Action Items from Previous<br>Meetings  | Mr. Mosca<br>Mr. Page                |
| 7. Approval - Convene to Closed Session  | Mr. Pope                             |



**TOPIC:** Information – Interim Financial Statements

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

**SUMMARY:**

Attached is a set of ***unaudited University System of Maryland interim financial statements for the six-month period ended December 31, 2021, the year ended June 30, 2021, and the six-month period ended December 31, 2020.***

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 are the following reports and analyses:

***‘Trend in transfer of student accounts receivable to state central collections unit for periods June 30, 2017, June 30, 2021, and December 31, 2021’*** – an institutional history of accounts receivable transferred to the state’s central collection unit in accordance with statute, and

***‘Public College & University Financial Ratio Comparison on June 30, 2021’*** – 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, 2021, fiscal year ended June 30, 2021, and**  
**six-month period ended December 31, 2020**

**Points to consider:**

1. Per the USM Statement of Net Position (or Balance Sheet) on page 3, **unrestricted net position** shows a \$162M increase from June 30, 2021, levels, growing from \$1,188M to \$1,350M. As a point of comparison, the interim financial statements as of December 31, 2020, showed an increase for the first six months of fiscal year 2019 of \$68M.
2. Since March 2020, the institutions have been awarded \$574M in HEERF/CARES Act Funding (Higher Education Emergency Relief Funds). The overall status of spending (revenue recognized to date) of those funds and funds remaining to be used as of December 31, 2021, is as follows:

<b>HEERF Program (in millions)</b>	<b>Funds Awarded</b>	<b>Revenue to date</b>	<b>Remaining to be spent</b>
Student Aid	\$209M	\$183M	\$26M
Institutional	251M	197M	54M
HBCUs/Minority Serving Institutions	114M	35M	79M
Total	\$574M	\$415M	\$159M

The Department of Education has extended the performance period for all open HEERF grants to June 30, 2023. Institutions are estimating there will be \$69M in unspent proceeds as of June 30, 2022. Of the \$69M expected to remain at the end of the fiscal year, \$59M is attributable to the HBCU's.

3. Operating revenues for the six months ended December 31, 2021, increased \$339M compared to December 31, 2020. Operating revenues for the six-month period ended December 31, 2020, compared to December 31, 2019, decreased \$204M of which \$193M was attributable to decreases in auxiliary revenues.
4. The System is required to implement GASB Statement No. 87, Leases as of June 30, 2022. In preparation for this new accounting standard, the institutions were asked to reflect lessee arrangements in the interim financial statements. Lease obligations under the new accounting rule as of December 31, 2021, is \$90M, compared to \$39M of what previously were known as capital leases as of June 30, 2021. Lease receivables, another part of the new accounting rule, is \$4M as of December 31. Based on lease

inventory data prepared by the institutions, this balance is estimated to be \$113M when all lessee arrangements are reflected in the financials at year end.

5. Cash spending on System and Board approved capital projects for the six months ended December 31, 2021, totaled \$30.7M, compared to \$65.6M for the six-month period ended December 31, 2020. Significant cash spending on capital projects through December 31, 2021, was reported by the following institutions: UMB - \$9M, UMCP - \$8M, TU - \$8M, UMBC - \$3M, and FSU - \$2M. As of December 31, 2021, there remains a total of \$207M in cash-funded projects authorized and approved that are remaining to be spent, representing a claim against **unrestricted net position**.
6. Investment income for the period ending December 31, 2021, is \$34M compared to \$109M and \$52M for the periods ending June 30, 2021, and December 31, 2020, 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, 2021, was 7%, compared to 27% and 13% for the year ended June 30, 2021, and six months ended December 31, 2020, respectively.

Investment returns on cash held by the state treasurer as of December 31, 2021, was 0.29% compared to 0.30% for both FY21 and for the period December 31, 2020.

7. Page 7, Operating Expenses by Object report shows an increase in expenses of \$264M or 10% from December 31, 2021. \$95M of the increase is attributable HEERF/CARES Act Student Aid expenditures which are reflected in the Scholarships and fellowships balance.
8. Page 8 is the report of 'Transfers of Accounts Receivable to the State's Central Collection Unit'. The benchmark for Student accounts receivable collections is a rate of less than 1%. The student accounts receivable collection rates for UMES and UMGC are at 1% or greater.
9. Page 9 is the report of Public College & University Financial Ratios as of June 30, 2021, 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 2.78%, 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 4.47%.

**University System of Maryland  
Statements of Net Position  
December 31, 2021, June 30, 2021, and December 31, 2020**

	<b>December 31, 2021</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$3,053,556,505	\$2,681,608,525	\$2,565,751,603
Accounts receivable, net	872,770,884	333,521,863	815,274,714
Notes receivable, current portion, net	2,684,960	3,870,228	3,058,598
Leases receivable, net	4,206,067	-	-
Inventories	8,982,835	9,015,105	10,039,242
Prepaid expenses and other	28,573,557	22,589,607	17,943,706
<b>Total current assets</b>	<b>3,970,774,808</b>	<b>3,050,605,328</b>	<b>3,412,067,863</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	57,498,998	104,319,389	13,156,963
Endowment investments	469,626,770	436,809,838	399,031,720
Other investments	41,875,135	40,508,406	36,737,139
Notes receivable, net	18,395,093	19,075,445	23,094,349
Capital assets, net	7,184,845,896	7,089,300,818	6,918,975,836
<b>Total noncurrent assets</b>	<b>7,772,241,892</b>	<b>7,690,013,896</b>	<b>7,390,996,007</b>
<b>Total assets</b>	<b>11,743,016,700</b>	<b>10,740,619,224</b>	<b>10,803,063,870</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refundings of debt	9,376,625	9,376,625	12,109,985
Asset retirement obligations	12,276,398	12,276,398	12,801,865
Deferred changes, pension expense	373,714,162	373,714,162	390,016,497
<b>Total deferred outflows of resources</b>	<b>395,367,185</b>	<b>395,367,185</b>	<b>414,928,347</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$12,138,383,885</b>	<b>\$11,135,986,409</b>	<b>\$11,217,992,217</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$314,767,719	\$364,305,655	\$322,524,988
Accrued workers' compensation, current portion	4,794,150	4,794,150	4,587,314
Accrued vacation costs, current portion	129,356,193	129,718,324	123,375,507
Revenue bonds and notes payable, current portion	91,448,978	92,180,951	98,630,776
Lease obligations, current portion	6,907,004	2,768,159	1,459,268
Unearned revenue	1,119,156,719	376,540,915	723,940,358
<b>Total current liabilities</b>	<b>1,666,430,763</b>	<b>970,308,154</b>	<b>1,274,518,211</b>
<b>Noncurrent liabilities:</b>			
Accrued workers' compensation	27,166,850	27,166,850	27,984,686
Accrued vacation costs	176,068,088	176,068,088	151,666,808
Revenue bonds and notes payable	1,219,824,104	1,226,264,284	1,082,466,071
Lease obligations	83,516,543	35,892,193	12,360,190
Net pension liability	1,395,144,942	1,395,144,942	1,275,563,402
<b>Noncurrent liabilities</b>	<b>2,901,720,527</b>	<b>2,860,536,357</b>	<b>2,550,041,157</b>
<b>Total liabilities</b>	<b>4,568,151,290</b>	<b>3,830,844,511</b>	<b>3,824,559,368</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred service concession arrangement receipts	224,685,328	233,863,349	243,041,369
Deferred inflows from lease arrangements	4,976,164	-	-
Deferred changes, pension expense	78,780,716	78,780,716	109,755,858
<b>Total deferred inflows of resources</b>	<b>308,442,208</b>	<b>312,644,065</b>	<b>352,797,227</b>

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**University System of Maryland  
Statements of Net Position  
December 31, 2021, June 30, 2021, and December 31, 2020**

	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<b>NET POSITION</b>			
Unrestricted net position	1,350,004,342	1,187,863,054	1,280,459,202
Net investment in capital assets	5,582,265,707	5,580,081,931	5,488,319,659
Restricted:			
Nonexpendable:			
Scholarships and fellowships	20,763,690	18,367,468	17,588,845
Research	7,636,377	7,636,277	7,635,366
Other	16,927,805	16,927,705	16,927,054
Expendable:			
Scholarships and fellowships	53,596,850	46,303,581	43,470,812
Research	158,638,764	62,227,723	102,898,844
Loans	34,146,771	34,623,545	40,708,380
Capital projects	127,168	3,659,537	8,675,425
Other	37,682,913	34,807,012	33,952,035
<b>Total net position</b>	<u>7,261,790,387</u>	<u>6,992,497,833</u>	<u>7,040,635,622</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$12,138,383,885</u>	<u>\$11,135,986,409</u>	<u>\$11,217,992,217</u>

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**University System of Maryland**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Six Months Ended December 31, 2021, Year Ended June 30, 2021 and Six Months Ended December 31, 2020**

	<b>Six Months Ended December 31, 2021</b>	<b>Year Ended June 30, 2021</b>	<b>Six Months Ended December 31, 2020</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$837,425,986	\$1,363,293,173	\$842,886,900
Federal grants and contracts	521,883,616	774,627,139	368,683,691
State and local grants and contracts	91,361,293	228,853,058	101,124,205
Nongovernmental grants and contracts	126,547,207	280,670,286	112,147,926
Sales and services of educational departments	195,293,836	362,668,277	164,409,747
Auxiliary enterprises:			
Residential facilities	95,467,591	102,305,224	62,362,730
Dining facilities	66,857,034	47,713,303	26,016,309
Intercollegiate athletics	55,288,010	80,389,822	19,197,563
Bookstore	8,615,835	10,312,263	7,063,658
Parking facilities	22,899,560	23,848,775	12,049,327
Other auxiliary enterprises revenues	79,721,089	128,227,510	58,571,434
Other operating revenues	35,342,818	51,515,174	22,960,150
<b>Total operating revenues</b>	<b>2,136,703,875</b>	<b>3,454,424,004</b>	<b>1,797,473,640</b>
<b>OPERATING EXPENSES</b>			
Instruction	688,938,239	1,420,144,490	668,176,123
Research	524,335,093	1,050,765,878	498,542,104
Public service	291,993,113	575,995,384	258,415,250
Academic support	256,247,373	520,704,936	246,595,381
Student services	143,160,452	326,370,905	137,030,644
Institutional support	309,402,155	578,360,851	296,058,979
Operation and maintenance of plant	201,816,301	401,520,485	179,670,304
Scholarships and fellowships	280,607,398	173,157,118	185,576,526
Auxiliary enterprises:			
Residential Facilities	85,004,287	156,860,896	85,267,448
Dining Facilities	59,481,346	70,506,748	33,909,895
Intercollegiate athletics	70,226,086	108,209,011	55,611,980
Bookstore	7,977,469	13,706,606	7,123,245
Parking Facilities	11,067,358	25,233,098	11,596,433
Other auxiliary enterprises expenses	60,075,558	123,268,514	62,545,670
<b>Total operating expenses</b>	<b>2,990,332,228</b>	<b>5,544,804,920</b>	<b>2,726,119,982</b>
<b>Operating income</b>	<b>(853,628,353)</b>	<b>(2,090,380,916)</b>	<b>(928,646,342)</b>

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**University System of Maryland**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Six Months Ended December 31, 2021, Year Ended June 30, 2021 and Six Months Ended December 31, 2020**

	<u>Six Months Ended December 31, 2021</u>	<u>Year Ended June 30, 2021</u>	<u>Six Months Ended December 31, 2020</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriations	737,118,450	1,505,429,509	772,094,453
Pell grants	108,528,577	163,278,977	80,749,820
Other nonoperating grants	147,505,420	196,776,455	68,623,597
Gifts	29,105,387	45,136,501	31,120,859
Investment income (loss)	33,553,027	108,712,589	52,418,602
Less: Investment expense	-	(1,465,896)	(1,468,424)
Interest on indebtedness	(24,432,582)	(35,369,712)	(21,788,174)
Other revenues (expenses) gains (losses)	6,322,238	4,994,458	5,581,039
<b>Total nonoperating revenue (expenses)</b>	<u>1,037,700,517</u>	<u>1,987,492,881</u>	<u>987,331,772</u>
<b>Income before other revenues (expenses)</b>	184,072,164	(102,888,035)	58,685,430
<b>OTHER REVENUES (EXPENSES)</b>			
Capital appropriations	76,426,567	160,457,476	74,863,779
Capital gifts and grants	10,642,241	52,323,700	25,261,906
Additions to permanent endowments	2,396,421	1,213,208	433,023
<b>Total other revenues (expenses)</b>	<u>89,465,229</u>	<u>213,994,384</u>	<u>100,558,708</u>
<b>Increase in net position</b>	273,537,393	111,106,349	159,244,138
<b>Net position, beginning</b>	<u>6,992,497,833</u>	<u>6,881,391,484</u>	<u>6,881,391,484</u>
<b>Adoption of new accounting standard</b>	(4,244,839)		
<b>Net position, ending</b>	<u>\$7,261,790,387</u>	<u>\$6,992,497,833</u>	<u>\$7,040,635,622</u>

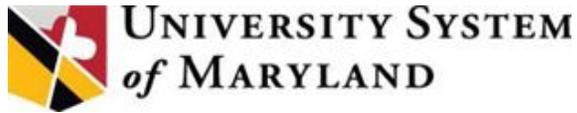
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Audit Committee Meeting - Open Session

University System of Maryland  
 Operating Expenses by Object  
 For the Six Month Periods Ended December 31, 2021 and 2020

	2021				2020			
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total
Instruction	\$604,699,764	\$50,879,204	\$33,359,271	\$688,938,239	\$592,710,390	\$43,024,987	\$32,440,746	\$668,176,123
Research	334,610,451	173,922,623	15,802,019	524,335,093	320,575,091	163,413,750	14,553,263	498,542,104
Public service	218,528,564	69,431,823	4,032,726	291,993,113	204,072,615	51,301,472	3,041,163	258,415,250
Academic support	176,864,430	62,186,548	17,196,395	256,247,373	174,248,624	54,795,468	17,551,289	246,595,381
Student services	96,486,068	42,747,236	3,927,148	143,160,452	92,701,383	40,334,938	3,994,323	137,030,644
Institutional support	210,920,193	87,839,301	10,642,661	309,402,155	202,615,950	84,992,398	8,450,631	296,058,979
Operation and maintenance of plant	76,112,825	86,065,974	39,637,502	201,816,301	74,548,416	65,297,554	39,824,334	179,670,304
Scholarships and fellowships	4,337,678	276,269,720		280,607,398	3,232,577	182,343,949		185,576,526
Auxiliary enterprises:								
Residential facilities	23,946,625	29,592,702	31,464,960	85,004,287	23,133,290	31,672,237	30,461,921	85,267,448
Dining facilities	20,206,194	35,204,118	4,071,034	59,481,346	15,190,776	14,786,415	3,932,704	33,909,895
Intercollegiate athletics	36,010,524	28,503,799	5,711,763	70,226,086	32,967,453	17,281,413	5,363,114	55,611,980
Bookstore	2,393,145	4,279,966	1,304,358	7,977,469	1,716,948	5,393,760	12,537	7,123,245
Parking facilities	4,578,502	4,829,573	1,659,283	11,067,358	5,478,464	3,174,305	2,943,664	11,596,433
Other auxiliary enterprises expenses	30,869,655	13,216,616	15,989,287	60,075,558	29,421,009	17,712,082	15,412,579	62,545,670
<b>Total operating expenses</b>	<b>\$1,840,564,618</b>	<b>\$964,969,203</b>	<b>\$184,798,407</b>	<b>\$2,990,332,228</b>	<b>\$1,772,612,986</b>	<b>\$775,524,728</b>	<b>\$177,982,268</b>	<b>\$2,726,119,982</b>

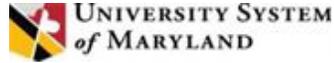
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**University System of Maryland**  
**Trend in Transfers of Accounts Receivables to State Central Collection Unit**  
**For Period ending June 30, 2017 through December 31, 2021**  
**(in thousands)**

<u>Operational performance indicators</u>	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC
<b>Student accounts receivable collection rate:</b>											
<b>Average - five and 1/2 -years ended December 30, 2021</b>											
Net transfers to CCU	137	1,419	565	798	936	252	69	502	349	5,093	837
Gross billings	164,067	724,789	65,499	257,489	49,367	175,779	21,189	57,479	112,966	323,337	183,082
<b>Ratio</b>	<b>0.08%</b>	<b>0.20%</b>	<b>0.86%</b>	<b>0.31%</b>	<b>1.90%</b>	<b>0.14%</b>	<b>0.33%</b>	<b>0.87%</b>	<b>0.31%</b>	<b>1.58%</b>	<b>0.46%</b>
<b>Student accounts receivable collection rate:</b>											
<b>Average - five-years ended June 30, 2021</b>											
Net transfers to CCU	173	1,508	593	879	1,198	328	56	529	407	6,538	905
Gross billings	176,408	785,935	70,572	277,080	48,409	150,485	23,332	63,791	123,563	353,636	195,608
<b>Ratio</b>	<b>0.10%</b>	<b>0.19%</b>	<b>0.84%</b>	<b>0.32%</b>	<b>2.48%</b>	<b>0.22%</b>	<b>0.24%</b>	<b>0.83%</b>	<b>0.33%</b>	<b>1.85%</b>	<b>0.46%</b>
<b>Student accounts receivable collection rate:</b>											
<b>Average - five-years ended June 30, 2017</b>											
Net transfers to CCU	113	1,054	330	660	1,545	261	(111)	434	210	7,523	831
Gross billings	151,648	671,339	58,592	253,461	59,251	59,382	25,338	67,146	113,624	314,443	189,652
<b>Ratio</b>	<b>0.07%</b>	<b>0.16%</b>	<b>0.56%</b>	<b>0.26%</b>	<b>2.61%</b>	<b>0.44%</b>	<b>-0.44%</b>	<b>0.65%</b>	<b>0.18%</b>	<b>2.39%</b>	<b>0.44%</b>

Audit Committee Meeting - Open Session



Public College & University Financial Ratio Comparison  
Moody's Aa1 Rating Category

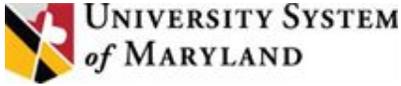
June 30, 2021\*

Institution	Total Debt	Unrestricted Net Assets	Primary Reserve Ratio	Debt Service	Operating Expenses	Operating Expense Leverage	Market Value of Endowment	Number of Students <sup>1,2</sup>	Total FTE <sup>1,2</sup>	Endowment per Student	Endowment per FTE	Effective Interest Rate	Increase in Unrestricted Net Assets		
													FY2021	FY2020	FY2019
<b>University System of Maryland</b>	<b>1,357,105,587</b>	<b>1,187,863,054</b>	<b>87.53%</b>	<b>159,082,665</b>	<b>5,544,804,920</b>	<b>2.87%</b>	<b>1,993,601,000</b>	<b>109,529</b>	<b>90,557</b>	<b>18,202</b>	<b>22,015</b>	<b>2.78%</b>	<b>N</b>	<b>N</b>	<b>N</b>
North Carolina State University at Raleigh <sup>3</sup>	584,551,503	(1,252,576,527)	-214.28%	43,465,500	1,536,955,408	2.83%	1,593,877,369	37,556	33,226	42,440	47,971	4.09%	Y	Y	Y
Ohio State University	3,043,303,000	1,325,179,000	43.54%	195,529,000	5,645,227,000	3.46%	2,678,895,280	67,957	60,768	39,420	44,084	4.09%	Y	N	N
Pennsylvania State University (FASB)	3,508,778,000	4,678,123,000	133.33%	248,302,000	6,799,268,000	3.65%	4,595,555,000	88,914	81,100	51,685	56,665	4.11%	Y	Y	N
State University of Iowa	1,192,454,000	1,935,596,000	162.32%	93,468,000	4,042,722,000	2.31%	3,137,019,000	31,206	29,353	100,526	106,872	3.21%	Y	Y	Y
Texas Tech University System <sup>4,5</sup>	837,247,000	704,680,000	84.17%	112,011,000	2,142,037,000	5.23%	1,532,241,000	40,666	35,690	37,679	42,932	2.80%	Y	N	N
University of Colorado	2,025,521,000	948,615,000	46.83%	85,323,000	4,225,464,000	2.02%	2,124,539,000	67,069	59,748	31,677	35,558	3.08%	Y	Y	Y
University of Delaware (FASB)	696,879,000	1,453,852,000	208.62%	43,699,000	1,011,755,000	4.32%	1,957,793,000	23,996	22,256	81,588	87,968	4.47%	Y	N	N
University of Minnesota <sup>5</sup>	1,501,399,000	1,007,345,000	67.09%	202,953,000	3,496,053,000	5.81%	2,155,473,000	66,494	58,835	32,416	36,636	2.93%	Y	N	Y
University of Missouri System	1,834,241,000	1,888,310,000	102.95%	114,183,000	3,476,718,000	3.28%	2,206,537,000	69,834	51,906	31,597	42,510	3.81%	Y	N	N
University of Nebraska <sup>5</sup>	1,358,455,000	1,635,261,000	120.38%	109,288,000	2,185,981,000	5.00%	2,310,992,000	50,677	42,736	45,602	54,075	2.84%	Y	Y	Y
University of Pittsburgh (FASB)	1,510,148,000	3,453,934,000	228.71%	90,027,000	2,444,140,000	3.68%	1,376,341,000	29,238	27,606	47,074	49,857	3.36%	Y	N	N
University of Utah	1,355,954,000	2,749,324,000	202.76%	232,739,000	5,997,162,000	3.88%	1,322,579,000	34,424	29,435	38,420	44,933	3.64%	Y	Y	Y
Virginia Tech	508,808,000	42,681,000	8.39%	48,772,000	1,513,435,000	3.22%	1,690,394,000	37,279	35,304	45,344	47,881	3.31%	Y	Y	Y
<b>Average for group- 2021</b>	<b>1,522,488,864</b>	<b>1,554,156,181</b>	<b>102.08%</b>	<b>127,060,155</b>	<b>3,575,837,309</b>	<b>3.55%</b>	<b>2,191,131,189</b>	<b>53,917</b>	<b>47,037</b>	<b>40,639</b>	<b>46,583</b>				
<b>Average for group- 2020</b>	<b>1,464,337,049</b>	<b>986,412,553</b>	<b>67.36%</b>	<b>135,300,490</b>	<b>3,617,103,914</b>	<b>3.74%</b>	<b>1,698,526,714</b>	<b>53,630</b>	<b>46,138</b>	<b>31,672</b>	<b>36,814</b>				

Source: most recent available audited financial statements

NOTES

- <sup>1</sup> UMGCC students are not included in the total enrollment count for University System of Maryland.
- <sup>2</sup> Enrollment statistics as reported for Fall 2021 by the institutional research departments, FTE estimates were used when not available
- <sup>3</sup> 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
- <sup>4</sup> FY21 TTUS Financials not yet released, info based on data reported in the State of Texas CAFR
- <sup>5</sup> PY statements were restated which affected unrestricted net position
- \* TTUS has a fiscal year end of 8/31/2021



**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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**TOPIC:** Affiliated Foundation Policy compliance status

**COMMITTEE:** Audit

**DATE OF COMMITTEE MEETING:** March 28, 2022

**SUMMARY:** Board of Regents Policy IX-2.00 Policy on Affiliated Foundations details reporting and compliance requirements for foundations and not-for-profit entities recognized as formally affiliated with a USM institution or the System as a whole.

The Board policy requires that audited financial statements, and other reports and listings, be provided 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, and then a discussion between the Vice Chancellor for Advancement and the relevant affiliated foundation executive, which in the case of fundraising foundations is often the institution’s vice president for advancement. In the event of ongoing egregious noncompliance, the Board of Regents can take the step of revoking the affiliation status, which is required for the institution to provide a license to use the institution’s name in fundraising materials.

In last year’s report it was noted that The Robert H. Smith School of Business Foundation, affiliated with the University of Maryland College Park, had not submitted formal compliance materials. The Robert H. Smith School of Business Foundation submitted formal compliance materials, including the audit report for the period ending June 30, 2021.

The remaining items will continue to be pursued with the affiliated foundations 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.

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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SUBMITTED BY: Ellen Herbst (301) 445-1923

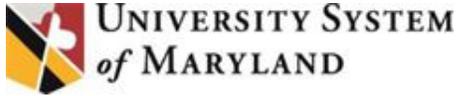
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## Audit Committee Meeting - Open Session

Univeristy System of Maryland  
 Affiliated Foundations Compliance Checklist - BOR Policy IX-2.00  
 FY21

Institution	Affiliated Foundation	Net Assets	Certification of Compliance Signed by Responsible Official	Annual Written Agreement with USM or Institution	Management Letter/Auditor's Communication with Those Charged with Governance	Use of Internal Auditor	Annual Financial Audit Report	Annual Audit Report of Transfers Made to 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 and Amount	List of All State and Federal Contracts and Grants Managed	Annual Report of Foundation's Major Activities	Annual Affiliated Foundation Operations Report
				IX-2.00 ¶ 4-5	IX-2.00 ¶ 22	IX-2.00 ¶ 24-25								IX-2.00 ¶ 27
Due 10/31/2021														
Due 12/1/2021														
USM	The University System of Maryland Foundation, Inc.	\$480,240,000	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓
UMB	Medical Alumni Association of the University of Maryland, Inc.	\$3,922,125	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	N/A	✓	✓
UMB	The University of Maryland Baltimore Foundation, Inc.	\$433,685,999	✓	✓	✓	✓	✓	✓	✓	✓	N/A	Yes	N/A	✓
UMCP	University of Maryland College Park Foundation, Inc.	\$855,507,758	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✓
UMCP	Harry R Hughes Center for Agro-Ecology, Inc.	\$55,129	✓	✓	✓	No	✓	N/A	N/A	✓	✓	N/A	✓	✓
UMCP	M Club Foundation, University of Maryland, Inc.	\$3,236,846	✓	✓	✓	No	✓	✓	N/A	✓	✓	N/A	✓	✓
UMCP	The Robert H. Smith School of Business Foundation, Inc.	\$12,065,288	✓	✓	✓	No	✓	N/A	N/A	✓	N/A	N/A	✓	✓
UMCP	The Maryland 4-H Foundation, Inc.	\$7,055,660	✓	✓	✓	No	✓	N/A	N/A	✓	N/A	Yes	✓	✓
BSU	Bowie State University Foundation, Inc.	\$40,748,022	✓	No agreement executed for FY21; most recent for 7/1/21 - 12/31/21	✓	✓	✓	✓	N/A	✓	N/A	N/A	✓	✓
BSU	The Maryland Center @ Bowie State University, Inc.	\$396,795	✓	✓	✓	No	✓	✓	N/A	✓	✓	Yes	✓	✓
TU	Towson University Foundation, Inc.	\$109,307,185	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓
TU	Towson University Public Media, Inc.	\$604,557	✓	Agreement terminated effective 11/26/2021	✓	No	✓	✓	N/A	✓	✓	Yes	✓	✓
FSU	Frostburg State University Foundation, Inc.	\$38,704,488	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓
CSU	Coppin State University Development Foundation, Inc.	\$15,538,205	✓	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	✓	✓
UBalt	University of Baltimore Foundation, Inc.	\$94,694,410	✓	✓	✓	No	✓	✓	✓	✓	N/A	Yes	✓	✓
SU	Salisbury University Foundation, Inc.	\$106,928,370	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓
SU	The Ward Foundation, Inc.	\$92,316	✓	✓	✓	✓	✓	✓	N/A	✓	✓	Yes	✓	✓
UMBC	University of Maryland, Baltimore County Research Park Corporation	\$11,703,940	✓	✓	✓	No	✓	N/A	N/A	✓	N/A	Yes	✓	✓

Key:  
  No documents/documentation received  
  Follow up needed  
  Received documents/documentation



**BOARD OF REGENTS**

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

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**TOPIC:** Update from ERM and Crisis Management Workgroup

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

Verbal update to be provided.

**FISCAL IMPACT:** none

**CHANCELLOR'S RECOMMENDATION:** none

COMMITTEE ACTION: None

DATE:

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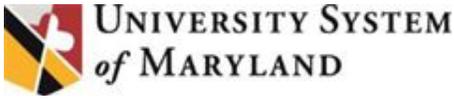
BOARD ACTION: None

DATE:

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SUBMITTED BY: David Mosca

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**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

**TOPIC:** Proposed Modifications to Office of Internal Audit Charter

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

**SUMMARY:**

Attached is the Office of Internal Audit’s Charter (Charter) with proposed modifications in red. The modifications will bring the Charter in compliance with The Institute of Internal Audit’s *Standards for the Professional Practice of Internal Auditing*. The changes are summarized as follows:

1. Charter is updated to include the definition of internal auditing.
2. Charter is updated to define the nature of consulting engagements performed by Internal Audit, as required by *IIA Standards*.
3. Charter is updated to include the Core Principles for the Professional Practice of Internal Auditing.

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: none

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca



VIII-7.50 - UNIVERSITY SYSTEM OF MARYLAND INTERNAL AUDIT OFFICE CHARTER

**Rationale**

The University System of Maryland maintains a central Internal Audit Office that independently appraises the System's activities to assist the Board of Regents and its Audit Committee in fulfilling the Board's fiduciary responsibilities. Internal Audit primarily functions to help managers discharge their responsibilities effectively, efficiently, and economically.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improved an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

To that end, the Internal Audit staff reviews financial and operating activities, analyzes internal control structures and procedures, and recommends corrective measures to both administrators and operating managers. Internal Audit functions as a member of the System's management team, but responsibility for correcting deficiencies rests with the responsible administrators.

**Policy**

The function, which is part of the University of Maryland System, reports to and is responsible to the Board of Regents Audit Committee. The Audit Committee has authority for hiring and terminating the Director of Internal Audit; determining appropriate compensation; and performing annual performance reviews. For administrative purposes, the Internal Audit Office reports to the Chancellor. Administratively, the Chancellor will work with the Director of Internal Audit to ensure that the Internal Audit Office maintains a professional level of independence, and that the internal audit function has adequate resources to accomplish its mission.

In carrying out its mission, the Internal Audit Office will have full, free, and unrestricted access to all System activities, including records, reports, property, and personnel. In addition, the Director of Internal Audit will have direct access to the Audit Committee, including meeting privately at least annually.

The Office of Internal Audit is authorized, but not limited, to perform the following engagements:

- Financial Audits
- Operational Audits
- Compliance Audits
- Investigative Audits
- Follow-up Audits
- Information Systems Audits
- Cyber Security Audits
- Internal Control Reviews
- Consulting Services

Internal Audit will be responsive and responsible to administrators and managers at all levels in the System. Similarly, each President and unit Director will ensure the cooperation of their administrators and managers throughout the internal audit process.

Each President is responsible for submitting a written response to each audit report.

Consulting services are advisory in nature and are generally performed at the specific request of management. The nature and scope of the consulting engagement are subject to agreement with management. Consulting services generally involve two parties: (1) the internal auditor and (2) the person or group seeking and receiving the advice – management. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility

**Core Principles for the Professional Practice of Internal Auditing:** The Core Principles, taken as a whole, articulate internal audit effectiveness.

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organizational improvement.

### **Code of Ethics**

**Principles** - Internal auditors are expected to apply and uphold the following principles:

1. **Integrity** - The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
2. **Objectivity** - Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments
3. **Confidentiality** - Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
4. **Competency** - Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services. Internal auditors will have a BA or BS degree and will have a Certified Public Accountant, a Certified Internal Auditor, and/or a JD designation (or be a candidate for each designation). Internal Auditors will complete continuing education to keep their certifications active.

### **Rules of Conduct -**

#### **1. Integrity**

Internal auditors:

- 1.1 Shall perform their work with honesty, diligence, and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organization.

## 2. Objectivity

Internal auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

## 3. Confidentiality

Internal auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

## 4. Competency

Internal auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2 Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
- 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.
- 4.4 Shall ensure timely reporting of audit results.

### **The Director of Internal Audit will Ensure that:**

- The audit staff is appropriately organized and competently supervised, and that professionalism is maintained through adherence to the applicable standards of the Institute of Internal Auditors (IIA) and the Information System Audit and Control Association (ISACA).
- Internal Auditors apply and uphold the IIA's Code of Ethics.
- Audits have been designed to detect significant operational and financial risks as well as to review the effectiveness, efficiency, and economy of operations.
- The audit staff has sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.
- Operating managers, administrators, and chief executive officers are promptly and fully informed about the scope of each review, the findings, and the recommended measures for improvement.
- An annual audit schedule is submitted for approval to the Board of Regents Audit Committee.

In addition, the Director of Internal Audit will periodically report audit activities to the Audit Committee and will submit other reports as requested by the Audit Committee. Such written reports will include statements as to whether:

- The Internal Audit Office has had the unrestricted access necessary to carry out its duties;
- Appropriate action has been taken to correct findings described in audit reports; and
- Internal and external audits have been coordinated to avoid duplicating effort.

The Director, with the Audit Committee's approval, is authorized to establish and revise procedures for carrying out this policy.

APPROVED BY THE BOARD OF REGENTS ON: 11/15/2007; REVISED 12/21/2016;

REVISED 06/22/2018; REVISED 10/xx/2021



**BOARD OF REGENTS**

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

---

**TOPIC:** Update of Office of Legislative Audit Activity

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

Since the Committee’s December 2021 meeting, the Office of Legislative Audits (OLA) has not published any reports of USM institutions.

OLA Engagements Currently Active:

- University of Maryland College Park;
- University of Maryland Eastern Shore; and
- University of Maryland Baltimore.

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: None

DATE:

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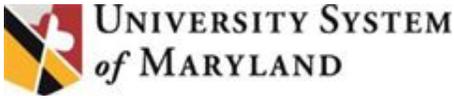
BOARD ACTION: None

DATE:

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SUBMITTED BY: David Mosca

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**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

**SUMMARY:**

See Attachment: Listing of Open Action Items From 2019 – 2021 Audit Committee Meetings.

Items covered in today’s meeting:

1. Update of Fundraising Foundation Policy Development.
2. Update of Foundations’ Compliance with BOR Policy
3. Policy Revision – Office of Internal Audit Charter
4. Policy Revisions – IT Security Standards.

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

Audit Committee Meeting - Open Session

Attachment A

USM Board of Regents  
 Action Items From 2019 - 2021 Audit Committee Meetings  
 28-Mar-22

Action Item

Status

**From December 2021 Audit Committee Meeting**

1.	Update of Fundraising Foundation Policy Development.	Ongoing.
2.	Provide update of Foundations' compliance with BOR Policy	Included in March 2022 Committee Meeting
3.	Update of Office of Internal Audit Charter	Included in March 2022 Committee Meeting
4.	Provide Committee an annual analysis report of OLA findings.	Will be included in annual work plan.
5.	USM IT Security Standards - Revisions to be Submitted to the Audit Committee	Included in March 2022 Committee Meeting
6.	Report on the Status of Implementation of ERM Programs Systemwide	Will include in June 2022 Meeting

**From October 2021 Audit Committee Meeting**

1.	Obtain review of Fundraising Foundation Policy by the OAG.	Ongoing.
2.	ER and Crisis Management Work Group should ask presidents for top 5 risks in terms of likelihood and impact. Consider putting these in heat map for reporting.	For ER and Crisis Management Work Group's next meeting.
3.	Consider dash board for quarterly reporting of risks to the BOR.	For ER and Crisis Management Work Group's next meeting.

**From June 2021 Audit Committee Meeting**

1.	Obtain review of Fundraising Foundation Policy by the OAG.	Ongoing.
2.	Include language in the proposed Fundraising Foundation Policy to specifically allow the BOR to review information that is submitted by foundations within 120 days after the close of the System's fiscal year.	Included in policy revisions.

**From March 2021 Audit Committee Meeting**

1.	Submit and recommend modifications to the BOR Policy on Foundations for the Committee's consideration and recommendation to the full Board.	Included in the June 2021 Audit Committee Meeting. Ongoing
2.	Recommend that Foundation Boards, executive directors and Presidents annually affirm that they have read and understood the BOR's Foundation Policy	Included in modification to BOR Policy on Affiliated Foundations.
3.	Regarding the annual Foundation Compliance Reporting, indicate which entities are necessary for the completion of USM's annual financial audit.	Will include in FY 2022 reporting.

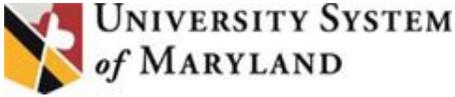
**From October 2020 Audit Committee Meeting**

1.	Develop NIST standards compliance scorecards.	Update in March 2022 Committee meeting.
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**From October 2019 Audit Committee Meeting**

1.	Include ongoing discussion of Foundation Policy Development and Oversight at each FY 2020 Audit Committee meeting. Get Presidents' input.	First update included with Audit Committee's 12/18/2019 meeting. Second in March meeting. Postponed in June 2020 meeting. Update in October 2020 meeting included commitment to present proposed policies at the March 2021 Audit Committee meeting. Ongoing.
2.	Universities shall submit their ERM plan of implementation to the Audit Committee and annually produce risk dashboards. Internal Audit should audit implementation of ERM.	Plan's are due in the Spring of 2020 and implementation by July 2021. Internal Audit will incorporate ERM implementation audits in 2021. Audit Committee will be regularly updated.

Note: Action items concluded prior to the March 2022 BOR Audit Committee meetings are not included in this schedule.



**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

**TOPIC:** Convening Closed Session

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** March 28, 2022

**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.

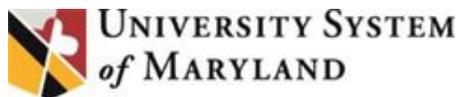
**CHANCELLOR’S RECOMMENDATION:** The Chancellor recommends that the BOR Audit Committee vote to reconvene in closed session.

COMMITTEE ACTION: DATE: 3-28-2022

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: March 28, 2022  
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
  - [ ] (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) [ ] To consult with counsel to obtain legal advice on a legal matter.
- (8) [ x ] 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:

IT security matters that pose vulnerabilities, legislative audit matters that are ongoing and, therefore, confidential; discussion of investigative matters which may lead to criminal prosecution or legal action; calendar year 2022 internal audit plan of activity; and the committee meeting separately with the independent auditors and the director of internal audit.

REASON FOR CLOSING:

- 1) 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));
- 2) To maintain confidentiality of discussions of ongoing investigations by the USM Office of Internal Audit and outside agencies, which potentially 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 carry out an administrative function: discussion of calendar year 2021 and 2022 audit plans of activity by the USM Office of Internal Audit (§ 3-103(a)(1)(i));
- 5) To carry out an administrative function: the Committee's separate meetings with the independent auditors and the Director of Internal Audit (§3-103(a)(1)(i)); and
- 6) To consult with staff about potential litigation (§3-305(b)(8));