



UNIVERSITY SYSTEM
of MARYLAND

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

March 26, 2025

- | | |
|---|-------------------------|
| 1. <u>Information & Discussion - Office of Legislative Audit Activity – Published Audit Reports</u> | Mr. Mosca |
| 2. <u>Information & Discussion - USM’s Half Year (12/31/2024) Financial Statements & Financial Comparison Analysis to Peer Institutions</u> | Ms. Denson
Mr. Acton |
| 3. <u>Information & Discussion - Affiliated Foundation and Business Entity Policy Compliance Status</u> | Ms. Denson
Mr. Acton |
| 4. <u>Action, Information & Discussion – Recommended Modification of BOR Policy VIII-7.11 Policy on the Communication of Suspected Fraud, Unethical and Illegal Business Activity</u> | Mr. Mosca |
| 5. <u>Information & Discussion - Follow up of Action Items from Previous Meetings</u> | Mr. Mosca |
| 6. <u>Approval - Convene to Closed Session</u> | Mr. Pope |
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TOPIC: Update of Office of Legislative Audit Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: March 26, 2025

Since the Committee's December 2024 meeting, the Office of Legislative Audits (OLA) has not issued any audit reports on University System of Maryland institutions.

Attached is a systemwide summary of audit findings in OLA's most recent reports for each institution.

OLA Engagements Currently Active:

- Bowie State University (Active since February 2024),
- University of Maryland, Baltimore (Active since May 2024),
- University of Baltimore (Active since September 2024) and
- University of Maryland College Park (Active since January 2024),

Attachments

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: None

DATE:

BOARD ACTION: None

DATE:

SUBMITTED BY: David Mosca 12-18-2024

USM
Summary of Audit Findings per
Office of Legislative Audits
As of 3/11/25

Summary of Audit Findings per Office of Legislative Audits As of 3/11/25	OLA Report Issued:														
	5/12/2021	11/6/2023	9/11/2024	3/5/2024	3/22/2024	12/3/2021	3/1/2023	10/11/2024	2/5/2024	9/27/2022	12/15/2022	8/20/2024	9/11/2024	Total	
	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP	UMES	UMGC	USMO		
Fiscal Compliance															
Business Initiatives/Relationships	-	-	-	-	-	-	-	-	-	-	-	1.00	-	1.00	
Cash	-	1.00	1.00	-	-	-	1.00	-	-	-	-	1.00	1.00	5.00	
Center and Institutes	-	-	-	-	-	-	-	-	-	-	-	-	1.00	1.00	
Conflict of Interest	-	-	-	-	-	1.00	-	-	-	0.50	-	-	-	1.50	
Financial Account Reconciliations	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	
Financial Aid Adjustments	0.50	-	0.50	-	-	0.50	1.00	-	-	-	-	-	1.00	3.50	
Financial Aid Awards Without Independent Review	0.50	-	-	-	-	-	-	-	-	-	-	-	-	0.50	
Financial Aid Awards Without Written Eligibility Criteria	-	2.00	-	-	-	-	-	-	-	-	-	-	-	2.00	
Food Services Contract	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	
Grants Accounts Receivable	-	-	-	-	-	-	1.00	-	-	-	-	-	-	1.00	
Payroll	-	-	1.00	-	-	1.00	1.00	1.00	-	2.00	-	-	-	6.00	
Procurement / Contract Monitoring	0.50	1.00	3.00	-	-	-	-	-	-	0.50	-	4.00	1.00	10.00	
Purchases and Disbursements	0.50	-	-	-	-	-	-	-	-	-	-	-	-	0.50	
Student Accounts Receivable	-	-	0.50	-	-	1.00	-	-	-	-	0.50	-	-	2.00	
Student Refund Validity Not Confirmed and Issuance Not Verified	0.50	-	-	-	-	-	-	-	-	-	-	-	-	0.50	
Student Residency Verification	-	1.00	1.00	-	-	-	1.00	-	-	1.00	0.50	1.00	-	5.50	
Verification of Financial Aid Application Data Without Independent Review	-	-	-	-	-	0.50	-	-	-	-	-	-	-	0.50	
Verification of Vendor Safeguarding Student Sensitive Personal Information (SOC 2 Report)	0.50	-	-	-	-	1.00	-	-	-	-	-	-	-	1.50	
IT Areas															
Redacted	-	-	-	1.00	-	-	-	-	-	-	-	-	-	1.00	
Redacted	2.00	-	-	-	1.00	2.00	-	1.00	-	1.00	2.00	-	-	9.00	
Redacted	1.00	-	-	1.00	-	-	1.00	-	-	2.00	1.00	-	2.00	8.00	
Redacted	1.00	-	-	-	-	-	-	-	-	-	-	-	-	1.00	
Total number of findings per OLA Audit report	7.00	5.00	7.00	2.00	1.00	7.00	6.00	2.00	-	7.00	6.00	7.00	6.00	63.00	
														63.00	

TOPIC: Information – Interim Financial Statements

COMMITTEE: Audit

DATE OF COMMITTEE MEETING: March 26, 2025

SUMMARY: Attached is a set of *unaudited University System of Maryland interim financial statements for the six-month period ended December 31, 2024, the year ended June 30, 2024, and the six- month period ended December 31, 2023.*

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 '**Accounts Receivable Performance Analysis for the periods June 30, 2020-2024**'. It includes tuition receivable compared to tuition revenue and grants receivable compared to grants revenue by USM institution over a five-year period.

Also included is the '**Public College & University Financial Ratio Comparison on June 30, 2024**' – 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, 2024, fiscal year ended June 30, 2024, and the six-month period ended December 31, 2023

Points to consider:

1. Per the USM Statement of Net Position (or Balance Sheet) on page 3, ***unrestricted net position*** shows a \$74M increase from June 30, 2024 levels, growing from \$1,659M to \$1,733M. As a point of comparison, the interim financial statements as of December 31, 2023, showed an increase for the first six months of fiscal year 2024 of \$111M.
2. Operating revenues for the six months ended December 31, 2024, increased \$46M compared to December 31, 2023, \$40M of which pertains to tuition and fees. Operating revenues for the six-month period ended December 31, 2023, compared to December 31, 2022, increased \$127M.
3. Cash spending on System and Board approved capital projects for the six months ended December 31, 2024, totaled \$50.3M, compared to \$35.5M for the six-month period ended December 31, 2023. As of December 31, 2024, there remains a total of \$209M in System-approved cash-funded projects authorized and approved that are remaining to be spent, and an additional \$138M and \$59M in Board- and State-approved cash-funded projects, respectively, representing a claim against ***unrestricted net position***.
4. Investment income for the period ending December 31, 2024 is \$76M compared to \$200M and \$83M for the periods ending June 30, 2024, and December 31, 2023, 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, 2024, was 3%, compared to 9% and 4% for the year ended June 30, 2024, and six months ended December 31, 2023, respectively.

Investment returns on cash held by the state treasurer as of December 31, 2024, were 4.12% compared to 4.36% for June 30, 2024, and 4.35% for the period December 31, 2023.

5. Page 7, Operating Expenses by Object report shows an increase in expenses of \$122M or 3% from December 31, 2023. \$46M of the increase is attributable to research activities and \$12M of the increase is attributable to instruction. \$33M was attributable to support activities, such as academic and student services.

6. Page 8 is the report of the Accounts Receivable Performance from June 30, 2020 to 2024. The analysis is focused on student tuition and fees receivable and grants receivable. Generally, unless an institution has received an exception, receivables greater than 90 days are required to be forwarded to the State of Maryland Central Collections Unit (SCCU).

Per the review of student receivables, the greater percentage of receivables to tuition revenue tends to be at the HBCUs and UMGC. UMGC student population is comprised of the military and working adults for which the employer pays for the tuition.

At the smaller institutions, one or two grants can impact the grants receivable ratio. Historically, very few contracts and grants receivable have been transferred to SCCU.

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 thirteen other public universities.

The effective interest rate on debt outstanding for USM is 2.41%, the lowest amongst peers with the same bond rating. The effective interest rates for other public universities with the same bond rating range up to 4.54%, with the median and average rate being 3.19% and 3.41%, respectively.

University System of Maryland
Statements of Net Position
December 31, 2024, June 30, 2024, and December 31, 2023

	December 31, 2024	June 30, 2024	December 31, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$3,187,056,782	\$3,268,660,320	\$3,149,508,334
Accounts receivable, net	953,906,233	452,638,160	953,694,111
Notes receivable, current portion, net	1,496,379	1,912,429	1,618,512
Leases receivable, net	5,305,146	4,801,449	3,899,397
Inventories	10,293,616	10,066,041	9,936,155
Prepaid expenses and other	23,215,792	25,586,266	22,839,994
Total current assets	4,181,273,948	3,763,664,665	4,141,496,503
Noncurrent assets:			
Restricted cash and cash equivalents	56,403,751	78,903,576	10,009,097
Endowment investments	534,734,796	520,121,280	515,574,054
Other investments	53,666,891	52,844,227	44,370,779
Leases receivable, net	18,320,733	14,854,603	13,206,695
Notes receivable, net	6,697,338	7,155,314	9,019,701
Capital assets, net	7,784,881,688	7,748,905,895	7,653,252,717
Total noncurrent assets	8,454,705,197	8,422,784,895	8,245,433,043
Total assets	12,635,979,145	12,186,449,560	12,386,929,546
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refundings of debt	1,172,673	1,889,845	4,861,048
Asset retirement obligations	10,356,571	10,640,037	10,917,513
Deferred changes, pension expense	473,869,714	473,869,714	314,484,404
Total deferred outflows of resources	485,398,958	486,399,596	330,262,965
Total assets and deferred outflows of resources	\$13,121,378,103	\$12,672,849,156	\$12,717,192,511
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$454,603,739	\$498,434,566	\$367,327,391
Accrued workers' compensation, current portion	4,196,550	4,196,550	4,352,250
Accrued vacation costs, current portion	147,139,436	147,066,625	135,322,042
Revenue bonds and notes payable, current portion	82,612,646	88,168,444	94,882,338
Obligations under subscription arrangements, current portion	14,089,652	17,698,615	12,066,256
Obligations under lease arrangements, current portion	18,010,189	18,651,051	16,944,569
Unearned revenue	858,562,222	448,897,732	943,515,850
Total current liabilities	1,579,214,434	1,223,113,583	1,574,410,696
Noncurrent liabilities:			
Accrued workers' compensation	23,780,450	23,780,450	24,662,750
Accrued vacation costs	187,649,883	187,649,883	185,654,117
Revenue bonds and notes payable	1,100,803,296	1,133,229,639	1,135,909,200
Obligations under subscription arrangements	21,038,961	25,709,415	28,155,699
Obligations under lease arrangements	101,339,126	68,026,105	66,564,675
Net pension liability	1,499,173,353	1,499,173,353	1,304,919,638
Noncurrent liabilities	2,933,785,069	2,937,568,845	2,745,866,079
Total liabilities	4,512,999,503	4,160,682,428	4,320,276,775
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement receipts	216,975,577	226,929,964	236,884,352
Deferred inflows from lease arrangements	22,588,922	18,648,322	16,796,227
Deferred changes, pension expense	74,145,765	74,145,765	116,254,540
Total deferred inflows of resources	313,710,264	319,724,051	369,935,119

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University System of Maryland
Statements of Net Position
December 31, 2024, June 30, 2024, and December 31, 2023

	December 31, 2024	June 30, 2024	December 31, 2023
NET POSITION			
Unrestricted net position	1,732,747,209	1,658,606,127	1,664,876,746
Net investment in capital assets	6,288,964,207	6,248,004,173	6,088,407,306
Restricted:			
Nonexpendable:			
Scholarships and fellowships	21,532,412	21,495,617	21,495,612
Research	7,713,241	7,637,941	7,637,941
Other	16,929,964	16,929,356	16,929,360
Expendable:			
Scholarships and fellowships	50,743,416	72,058,008	79,653,775
Research	118,724,061	113,313,016	88,611,190
Loans	20,393,613	16,826,883	25,178,098
Capital projects	3,182,329	2,972,633	1,419,193
Other	33,737,884	34,598,923	32,771,396
Total net position	8,294,668,336	8,192,442,677	8,026,980,617
Total liabilities, deferred inflows of resources and net position	\$13,121,378,103	\$12,672,849,156	\$12,717,192,511

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University System of Maryland
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ended December 31, 2024, Year Ended June 30, 2024 and Six Months Ended December 31, 2023

	Six Months Ended December 31, 2024	Year Ended June 30, 2024	Six Months Ended December 31, 2023
OPERATING REVENUES			
Tuition and fees	\$921,709,106	\$1,389,023,285	\$882,166,722
Federal grants and contracts	475,324,100	1,005,694,323	476,223,091
State and local grants and contracts	136,550,258	304,719,629	150,026,704
Nongovernmental grants and contracts	160,901,587	319,968,148	157,771,946
Sales and services of educational departments	209,357,926	420,496,529	207,814,843
Auxiliary enterprises:			
Residential facilities	111,743,499	204,884,082	113,808,761
Dining facilities	103,744,798	134,060,117	87,362,393
Intercollegiate athletics	67,732,577	164,139,323	72,394,557
Bookstore	8,990,387	12,537,163	8,670,095
Parking facilities	23,992,628	54,249,300	24,569,963
Other auxiliary enterprises revenues	81,837,914	162,328,664	89,100,478
Other operating revenues	52,473,614	98,297,572	38,550,582
Total operating revenues	<u>2,354,358,394</u>	<u>4,270,398,135</u>	<u>2,308,460,135</u>
OPERATING EXPENSES			
Instruction	857,981,280	1,712,461,394	811,596,935
Research	684,744,574	1,370,516,611	672,616,180
Public service	304,933,184	620,615,062	297,438,933
Academic support	318,850,242	651,970,628	308,691,978
Student services	201,538,962	431,811,901	186,209,236
Institutional support	378,671,413	720,404,131	390,486,684
Operation and maintenance of plant	230,693,474	475,944,405	223,087,981
Scholarships and fellowships	280,161,001	129,967,770	251,702,777
Auxiliary enterprises:			
Residential Facilities	112,898,275	198,768,057	112,214,845
Dining Facilities	81,498,154	158,357,840	78,352,152
Intercollegiate athletics	89,743,899	182,807,057	94,253,975
Bookstore	8,080,308	14,134,091	8,778,978
Parking Facilities	13,474,759	30,716,088	14,240,704
Other auxiliary enterprises expenses	93,719,449	162,073,796	85,318,208
Total operating expenses	<u>3,656,988,974</u>	<u>6,860,548,831</u>	<u>3,534,989,566</u>
Operating income	<u>(1,302,630,580)</u>	<u>(2,590,150,696)</u>	<u>(1,226,529,431)</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, 2024, Year Ended June 30, 2024 and Six Months Ended December 31, 2023

	Six Months Ended December 31, 2024	Year Ended June 30, 2024	Six Months Ended December 31, 2023
NONOPERATING REVENUES (EXPENSES)			
State appropriations	1,101,185,156	2,211,017,153	1,040,312,003
Pell grants	122,209,077	207,407,186	99,037,580
Other nonoperating grants	1,435,347	8,582,598	7,823,007
Gifts	19,919,134	84,440,884	33,866,082
Investment income (loss)	75,555,499	200,276,141	83,403,430
Less: Investment expense	(1,984,192)	(1,633,356)	(1,633,356)
Interest on indebtedness	(19,091,157)	(31,741,099)	(23,094,224)
Other revenues (expenses) gains (losses)	(22,123,421)	9,875,792	35,282,372
Total nonoperating revenue (expenses)	1,277,105,443	2,688,225,299	1,274,996,894
Income before other revenues (expenses)	(25,525,137)	98,074,603	48,467,463
OTHER REVENUES (EXPENSES)			
Capital appropriations	127,211,325	258,236,816	141,943,083
Capital gifts and grants	426,768	2,122,205	2,561,018
Additions to permanent endowments	112,703	57,530	57,530
Total other revenues (expenses)	127,750,796	260,416,551	144,561,631
Increase in net position	102,225,659	358,491,154	193,029,094
Net position, beginning	8,192,442,677	7,833,951,523	7,833,951,523
Net position, ending	\$8,294,668,336	\$8,192,442,677	8,026,980,617

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**University System of Maryland
Operating Expenses by Object
For the Six Month Periods Ended December 31, 2024 and 2023**

	2024				2023			
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Total
Instruction	746,276,395.00	66,626,419	45,078,466	857,981,280	\$705,016,398	\$64,828,966	\$41,751,571	\$811,596,935
Research	444,403,843.00	219,194,877	21,145,854	684,744,574	417,862,495	233,972,624	20,781,061	672,616,180
Public service	247,035,443.00	54,410,198	3,487,543	304,933,184	236,243,519	58,333,169	2,862,245	297,438,933
Academic support	232,153,216.00	69,394,206	17,302,820	318,850,242	216,592,363	70,515,128	21,584,487	308,691,978
Student services	137,773,887	58,457,906	5,307,169	201,538,962	123,453,861	57,537,087	5,218,288	186,209,236
Institutional support	256,930,129	103,647,202	18,094,082	378,671,413	254,727,422	118,943,736	16,815,526	390,486,684
Operation and maintenance of plant	99,195,471	90,544,243	40,953,760	230,693,474	94,512,745	86,388,947	42,186,289	223,087,981
Scholarships and fellowships	5,609,113	274,551,888		280,161,001	5,861,977	245,838,581	2,219	251,702,777
Auxiliary enterprises:								
Residential facilities	32,336,630	43,050,062	37,511,583	112,898,275	30,738,484	46,291,261	35,185,100	112,214,845
Dining facilities	31,902,745	44,705,460	4,889,949	81,498,154	29,662,419	43,932,990	4,756,743	78,352,152
Intercollegiate athletics	49,884,548	32,563,125	7,296,226	89,743,899	46,448,856	40,750,328	7,054,791	94,253,975
Bookstore	1,946,879	6,133,429	-	8,080,308	1,941,267	6,837,711	-	8,778,978
Parking facilities	8,811,001	1,713,709	2,950,049	13,474,759	6,763,162	4,539,330	2,938,212	14,240,704
Other auxiliary enterprises expenses	39,185,757	35,521,897	19,011,795	93,719,449	37,256,179	29,751,202	18,310,827	85,318,208
Total operating expenses	\$2,333,445,057	\$1,100,514,621	\$223,029,296	\$3,656,988,974	\$2,207,081,147	\$1,108,461,060	\$219,447,359	\$3,534,989,566

UNAUDITED

University System of Maryland
Accounts Receivable Performance
June 30, 2020-2024
(in thousands)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBALT	SU	UMGC	UMBC	UMCES	Total USM
Ratio of student receivables to tuition revenue:													
Fiscal year ended June 30, 2024													
Tuition & fees Accounts Receivable	1,159	20,510	23,364	10,132	2,099	1,255	1,990	2,308	3,336	58,086	5,672	N/A	129,911
Tuition & fees Revenue	177,862	710,693	46,664	178,237	27,704	32,789	12,613	47,295	70,606	371,670	164,149	N/A	1,840,282
Ratio	0.65%	2.89%	50.07%	5.68%	7.58%	3.83%	15.78%	4.88%	4.72%	15.63%	3.46%	N/A	7.06%
Fiscal year ended June 30, 2023													
Tuition & fees Accounts Receivable	649	19,308	14,182	8,182	3,270	1,970	1,368	1,958	2,911	73,928	5,375	N/A	133,101
Tuition & fees Revenue	174,954	688,490	47,368	175,105	25,327	31,115	12,440	48,489	69,430	343,357	160,588	N/A	1,776,663
Ratio	0.37%	2.80%	29.94%	4.67%	12.91%	6.33%	11.00%	4.04%	4.19%	21.53%	3.35%	N/A	7.49%
Fiscal year ended June 30, 2022													
Tuition & fees Accounts Receivable	894	19,612	10,181	4,894	1,906	1,724	1,059	1,858	2,503	62,116	4,919	N/A	111,666
Tuition & fees Revenue	176,641	683,246	48,808	178,192	23,260	33,890	13,169	51,216	70,248	339,750	145,361	N/A	1,763,781
Ratio	0.51%	2.87%	20.86%	2.75%	8.19%	5.09%	8.04%	3.63%	3.56%	18.28%	3.38%	N/A	6.33%
Fiscal year ended June 30, 2021													
Tuition & fees Accounts Receivable	955	20,840	7,030	5,107	2,242	988	1,412	2,348	2,670	43,267	4,294	N/A	91,153
Tuition & fees Revenue	168,956	643,267	45,888	187,989	21,219	34,271	13,790	52,341	72,906	360,628	136,290	N/A	1,737,545
Ratio	0.57%	3.24%	15.32%	2.72%	10.57%	2.88%	10.24%	4.49%	3.66%	12.00%	3.15%	N/A	5.25%
Fiscal year ended June 30, 2020													
Tuition & fees Accounts Receivable	858	23,648	4,991	1,034	1,687	1,445	768	2,920	2,363	38,729	4,107	N/A	82,550
Tuition & fees Revenue	164,339	662,527	45,244	196,802	25,262	37,264	14,778	54,319	79,098	346,603	138,443	N/A	1,764,679
Ratio	0.52%	3.57%	11.03%	0.53%	6.68%	3.88%	5.20%	5.38%	2.99%	11.17%	2.97%	N/A	4.68%
Ratio of grants and contracts receivables to revenue:													
Fiscal year ended June 30, 2024													
Contracts & Grants Accounts Receivable	115,917	134,370	10,533	1,663	6,986	1,623	4,488	7,475	1,304	1,249	16,590	6,207	308,405
Contracts & Grants Revenue	587,377	726,647	24,673	17,388	39,850	13,754	11,514	26,961	12,541	10,738	142,718	24,676	1,638,837
Ratio	19.73%	18.49%	42.69%	9.56%	17.53%	11.80%	38.98%	27.73%	10.40%	11.63%	11.62%	25.15%	18.82%
Fiscal year ended June 30, 2023													
Contracts & Grants Accounts Receivable	119,691	125,938	16,237	2,160	5,729	1,781	5,524	7,063	3,040	367	15,110	5,909	308,549
Contracts & Grants Revenue	551,928	716,168	44,380	16,965	44,734	5,977	18,638	31,625	12,221	13,729	129,604	22,423	1,608,392
Ratio	21.69%	17.58%	36.59%	12.73%	12.81%	29.80%	29.64%	22.33%	24.88%	2.67%	11.66%	26.35%	19.18%
Fiscal year ended June 30, 2022													
Contracts & Grants Accounts Receivable	105,440	72,555	12,379	3,779	4,248	1,895	11,555	4,534	1,689	792	14,028	5,223	238,117
Contracts & Grants Revenue	546,953	662,730	56,597	54,266	36,842	21,383	26,585	30,275	24,299	37,333	133,424	21,456	1,652,143
Ratio	19.28%	10.95%	21.87%	6.96%	11.53%	8.86%	43.46%	14.98%	6.95%	2.12%	10.51%	24.34%	14.41%
Fiscal year ended June 30, 2021													
Contracts & Grants Accounts Receivable	143,083	57,999	7,420	4,147	3,920	1,341	10,599	4,585	1,078	330	13,181	3,931	251,614
Contracts & Grants Revenue	550,456	589,309	33,182	37,125	30,811	11,047	17,704	24,035	19,255	27,916	118,403	21,310	1,480,553
Ratio	25.99%	9.84%	22.36%	11.17%	12.72%	12.14%	59.87%	19.08%	5.60%	1.18%	11.13%	18.45%	16.99%
Fiscal year ended June 30, 2020													
Contracts & Grants Accounts Receivable	130,504	88,157	4,825	5,364	6,044	1,213	4,555	3,350	1,061	6,003	11,342	3,018	265,436
Contracts & Grants Revenue	519,379	565,903	19,068	21,048	26,168	6,947	11,635	22,780	12,724	7,965	98,129	22,492	1,334,238
Ratio	25.13%	15.58%	25.30%	25.48%	23.10%	17.46%	39.15%	14.71%	8.34%	75.37%	11.56%	13.42%	19.89%



Public College & University Financial Ratio Comparison
Moody's Aa1 Rating Category
June 30, 2024

Institution	Total Debt	Unrestricted Net Assets	Primary Reserve Ratio	Debt Service	Operating Expenses	Operating Expense Leverage	Market Value of Endowments ¹	Number of Students ¹	Total FTE ¹	Endowment per Student	Endowment per FTE	Effective Interest Rate	Increase in Unrestricted Net Assets FY2024
University System of Maryland	1,306,185,394	1,658,606,127	126.98%	179,549,791	6,860,548,831	2.62%	2,246,448,576	107,819	88,868	20,835	25,278	2.41%	Y
North Carolina State University at Raleigh	639,301,755	(734,831,941)	-114.94%	66,431,213	1,966,445,934	3.38%	2,219,515,999	38,464	35,311	57,704	62,856	3.04%	Y
Ohio State University	3,863,650,000	2,839,929,000	73.50%	293,686,000	8,730,131,000	3.36%	3,007,098,000	66,901	53,280	44,948	56,440	4.54%	Y
Pennsylvania State University (FASB)	3,772,720,000	5,666,080,000	150.19%	257,020,000	8,668,005,000	2.97%	4,783,906,000	87,995	81,256	54,366	58,874	3.07%	Y
State University of Iowa	1,687,498,000	3,436,140,000	203.62%	141,526,000	4,991,612,000	2.84%	3,501,855,961	30,432	30,069	115,072	116,461	3.11%	Y
Texas Tech University System	1,102,356,436	931,024,712	84.46%	127,490,212	2,739,301,524	4.65%	2,903,520,860	40,969	36,881	70,871	78,727	3.55%	Y
University of Colorado	2,041,977,000	1,526,977,000	74.78%	173,794,000	5,766,631,000	3.01%	2,245,309,576	67,708	59,347	33,162	37,834	2.77%	Y
University of Delaware (FASB)	656,767,000	1,559,353,000	237.43%	41,241,000	1,283,397,000	3.21%	1,929,793,264	24,412	22,662	79,051	85,155	4.25%	N
University of Minnesota	1,844,676,000	1,614,411,000	87.52%	281,830,000	4,381,777,000	6.43%	2,262,487,000	70,090	60,061	32,280	37,670	3.68%	Y
University of Missouri System	1,721,558,000	2,290,425,000	133.04%	236,663,000	4,654,266,000	5.08%	2,411,452,099	68,165	52,512	35,377	45,922	3.74%	Y
University of Nebraska	1,137,655,000	1,927,670,000	169.44%	120,591,000	2,702,852,000	4.46%	2,527,252,903	49,749	43,030	50,800	58,733	2.95%	Y
University of Pittsburgh (FASB)	1,691,573,000	3,512,532,000	207.65%	309,883,000	3,044,536,000	10.18%	1,657,926,000	34,079	32,431	48,649	51,122	4.31%	Y
University of Utah	2,411,514,000	3,563,294,000	147.76%	325,822,000	7,757,294,000	4.20%	1,860,127,834	37,207	33,301	49,994	55,858	3.26%	Y
Virginia Tech	570,747,000	416,209,000	72.92%	88,992,000	1,953,924,000	4.55%	1,953,927,667	38,857	39,134	50,285	49,930	3.05%	Y
Average for group- 2024	1,746,298,470	2,157,701,350	123.56%	188,894,230	4,678,622,949	4.04%	2,536,472,981	54,489	47,724	46,550	53,148		
Average for group- 2023	1,710,276,343	1,879,169,366	109.88%	159,671,568	4,321,254,045	3.70%	2,236,665,261	53,761	47,880	41,604	46,714		

Source: most recent available audited financial statements

NOTES

- ¹ UMGC students are not included in the total enrollment count for University System of Maryland.
UMGC endowment investments are not included in the total endowment for University System of Maryland.
Endowment calculation including UMGC for University System of Maryland is presented below:

	Market Value of Endowment	Number of Students	Total FTE	Endowment per Student	Endowment per FTE
University System of Maryland	2,291,039,714	170,831	101,965	13,411	22,469

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Affiliated Foundation and Business Entity Policy compliance status

COMMITTEE: Audit

DATE OF COMMITTEE MEETING: March 26, 2025

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

These policies mandate that audited financial statements and other required reports be submitted to the System Office by October 31 each year. The Office of Administration and Finance reviews these submissions to identify any unusual items or events requiring follow-up.

In cases of significant noncompliance or reporting issues, the initial step is a review with the Vice Chancellor for Advancement or the Senior Vice Chancellor for Administration and Finance, followed by a discussion between the relevant executive at the entity and the institution with which it has a relationship.

If noncompliance persists, the Board of Regents may revoke the foundation's affiliation status or terminate the business relationship with the entity.

Remaining compliance issues will be addressed with the affiliated foundation or business entity, along with the appropriate institution, ensuring that necessary controls are implemented moving 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
FY24

			COMPLIANCE REPORTING											
			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
Institution	Affiliated Foundation	Net Assets (in Millions)	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.	\$56.5	Yes	Yes	Yes	Yes	Yes (Not audited)	None reported	Yes	None reported	Yes	None reported	Yes	Yes
CSU	Coppin State University Development Foundation, Inc.	\$23.0	Yes	Yes	Yes	Pending	Pending	Pending	Yes	None reported	Pending	None reported	Pending	Yes
FSU	Frostburg State University Foundation	\$46.9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
SU	Salisbury University Foundation, Inc.	\$122.9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
TU	Towson University Foundation, Inc.	\$119.6	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	None reported	Yes	Yes
UBalt	University of Baltimore Foundation, Inc.	\$108.2	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes	Yes	Yes
UMB	The University of Maryland Baltimore Foundation, Inc.	\$495.5	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes	Yes	Yes
UMCP	University of Maryland College Park Foundation, Inc.	\$1,165.5	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes
USMO	The University System of Maryland Foundation, Inc.	\$572.6	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	None reported	Yes	Yes

Institution	Business entity	Total Assets (In Millions)	COMPLIANCE REPORTING									
			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 (J.1.d) Current status of business entity	VIII-13.00 (J.1.e) Annual financial audit report or Compilation of FS	VIII-13.00 (J.1.f) List of Officers and Directors	VIII-13.00 (J.1.g) 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	FY23 Outstanding Material
FULL COMPLIANCE												
FSU	Research Foundation of Frostburg State University, Inc. (RF2)	\$0.03	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	Maryland Global Initiatives Corporation (MGIC)	Extension requested	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	Yes	N/A
UMB	Medical Alumni Association of the University of Maryland, Inc.	\$4.85	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	UMB Heath Sciences Research Park Corporation	\$17.90	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	University Medicines International, LLC	No Financial Activities	Yes	Yes	Yes	Revived	Yes	Yes	Yes	Yes	Yes	N/A
UMB	University of Maryland Faculty Dental Service Plan Associates, P.A. (UM FDSP)	Extension requested	Yes	Yes	Yes	Active	Extension requested	Yes	Yes	Yes	Extension requested	N/A
UMB	University of Maryland Oral - Maxillofacial Surgery Associates, P.A. (UMOMSA)	\$0.49	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	Uplift Alliance Inc. FSHO Entity (approved by BOR FY23)	\$0.55	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Faculty Physicians Enterprises, Inc	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UMBC	UMBC Research Park Corporation	\$22.28	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMBC	UMBC Training Centers	\$5.36	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMCP	Terrapin Development Company, LLC	\$69.23	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMCP	The Harry R Hughes Center for Agro-Ecology, Inc.	\$0.08	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	Certification of Compliance
UMCP	The Maryland 4-H Foundation, Inc.	\$8.17	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMCP	The Robert H. Smith School of Business Foundation, Inc.	\$12.63	Yes	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	Certification of Compliance

Institution	Business entity	Total Assets (In Millions)	COMPLIANCE REPORTING									
			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 (J.1.d) Current status of business entity	VIII-13.00 (J.1.e) Annual financial audit report or Compilation of FS	VIII-13.00 (J.1.f) List of Officers and Directors	VIII-13.00 (J.1.g) 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	FY23 Outstanding Material
PARTIAL COMPLIANCE												
BSU	The Maryland Center at Bowie State University, Inc.	\$1.35	No	Yes	Yes	Active	Yes	Yes	Yes	Yes	No	N/A
UMB	MSP - University of Maryland Faculty Physicians, Inc and Subsidiaries	\$374.60	No	Yes	Yes	Active	Yes	Yes	No	No	Yes	N/A
UMB	MSP - Pediatric Associates, P.A.	\$39.69	No	Yes	Yes	Active	Yes	Yes	Yes	No	Yes	N/A
UMB	MSP - University of Maryland Anesthesiology Associates, P.A.	\$15.30	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Eye Associates, P.A.	Pending	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	Financial audit report
UMB	MSP - University of Maryland OBGYN Associates, P.A.	\$18.41	No	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Emergency Medicine Associates, P.A.	\$10.60	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	Financial audit report
UMB	MSP - University of Maryland Dermatologists, P.A.	FY23 - \$1.2	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - Diagnostic Imaging Specialists, P.A.	\$5.97	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Neurosurgery Associates, P.A.	\$3.61	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	Financial audit report
UMB	MSP - University of Maryland Oncology Associates, P.A.	FY23 - \$3.3	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Physicians, P.A.	\$23.26	No	Yes	Yes	Active	No	Yes	No	Yes	Yes	Financial audit report
UMB	MSP - University of Maryland Family Medicine Associates, P.A.	FY23 - \$4.3	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Neurology Associates, P.A.	\$13.32	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Otorhinolaryngology, P.A.	\$6.06	No	Yes	Yes	Active	No	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Pathology Associates, P.A.	FY23 - \$5.6	No	Yes	Yes	Active	No	Yes	Yes	No	No	N/A
UMB	MSP - University of Maryland Psychiatry Associates, P.A.	FY23 - \$10.8	No	Yes	Yes	Active	No	Yes	No	No	Yes	N/A
UMB	MSP - Radiation Oncology Associates, P.A.	FY23 - \$7.3	No	Yes	Yes	Active	No	Yes	Yes	Yes	No	N/A
UMB	MSP - Shock Trauma Associates, P.A.	\$12.87	No	Yes	Yes	Active	No	Yes	Yes	No	Yes	N/A
UMB	MSP - University of Maryland Orthopaedic Associates, P.A.	\$28.35	No	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Orthopaedic Trauma Associates, P.A.	Reported under Orthopaedic Associates, P.A.	No	Yes	Yes	Active	Yes	Yes	Yes	Yes	Yes	N/A
UMB	MSP - University of Maryland Surgical Associates, P.A.	Pending	No	Yes	Yes	Active	No	Yes	Yes	Yes	No	Financial audit report
UMCP	M Club Foundation, University of Maryland, Inc.	\$2.73	Yes	No	No	Active	Yes	Yes	Yes	Yes	Yes	N/A

TOPIC: Proposed Modifications to BOR Policy VII-7.11 Communication of Suspected Fraud, Unethical and Illegal Business Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: March 26, 2025

SUMMARY:

Attached is the BOR *Policy VII-7.11 Communication of Suspected Fraud, Unethical and Illegal Business Activity* with proposed modifications. The modifications incorporate the recommendations included BOR's Major Investigations Taskforce report.

Since being introduced in the BOR Audit Committee's October 2024 meeting, USM has procured a third-party anonymous reporting mechanism. This reporting mechanism is an upgrade of USM's existing Fraud Reporting Hotline to receive multiple topic reports beyond fraud.

Attachment

FISCAL IMPACT: \$6,000 - \$7,000 per Annum.

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

Attachment

VIII-7.11 Policy on the Communication of Suspected Fraud, Unethical and Illegal ~~Business~~ Activity and Misconduct

(Approved by the Board of Regents, April 26, 2010)

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I. Purpose: The purpose of this policy is to establish the principle that University System of Maryland (USM) employees, students and others in the campus community are strongly encouraged to communicate suspected fraud or other financial irregularities, suspected illegal or unethical conduct, and any other suspected misconduct by employees or contractors to appropriate authorities in their institution or to the USM's Office of Internal Audit; to establish mechanisms that create a confidential and convenient USM "Hotline" for the reporting of such concerns; and, as a result, to advance the deterrence and detection of fraud, unethical practices, ~~and~~ financial irregularities, illegal or unethical misconduct or other misconduct at USM institutions.

II. Scope: This policy describes a non-retaliatory resource ("the ~~Fraud-USM~~ Hotline") for University stakeholders to report perceived fraud, theft and other suspected unethical or illegal business activity, perceived illegal or unethical conduct and other suspected misconduct. Fraud generally involves a willful or deliberate act, expression, omission or concealment with the intent of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means.

Other incidents that may be reported to the ~~Fraud-USM~~ Hotline include:

- Forgery or unauthorized alteration of institution documents, including checks, bank drafts, computer files, or any other financial document;
- Misappropriation or theft of funds, securities, supplies, or other assets;
- Fraudulent activity relating to research grants and contracts;
- Impropriety in handling or reporting of money or financial transactions;
- Purposely reporting inaccurate financial information;
- Authorizing or receiving compensation for goods not received or services not performed;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/material to the institution that is not consistent with campus or USM policy;
- Destruction, removal, or inappropriate use of institution records, furniture, fixtures, and equipment; and/or unethical procurement practices.
- Using one's University position to obtain economic benefit for the employee, a relative, or a business in which the employee has an interest or is employed
- Illegal, unethical or criminal conduct affecting the University or a member of the University community

Attachment

The USM ~~Fraud~~-Hotline is also not intended to supplant individual campus channels of communication for the reporting of suspected ~~financial~~ wrongdoing. Employees who know or suspect that other employees, business partners or

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Vendors, or other members of the campus community are engaged in a fraudulent, unethical or illegal activity or other misconduct are encouraged to report such activity to their supervisor, department head, responsible official, or campus Hotline. The USM ~~Fraud~~ Hotline provides an additional option for the confidential communication of such concerns.

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III. Hotline Options and Operations: The USM provides ~~four~~ the following mechanisms for reporting suspected or known fraudulent, unethical or illegal activities to the USM Office of Internal Audit:

- A. Online: A hotline link provided on the homepage of the USM website and operated by USM's Office of Internal Audit.
- B. Telephone: A toll free telephone number operated by the USM's Office of Internal Audit, and voicemail messages recorded on the system are accessible only to the Internal Audit staff.
- ~~C. Fax: The Office of Internal Audit's direct fax number, which is accessible only to Internal Audit staff.~~
- C. U.S. Mail: Written communication by U.S. Mail to the headquarters of the Office of Internal Audit. Mail directed to the hotline is received by Internal Audit staff.
- D. Email: Written communication directed to [email address], accessible only to Internal Audit Staff.
- ~~D.E.~~ Text: Text messages directed to [telephone number], accessible only to Internal Audit Staff.

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Upon receipt of an allegation the Office of Internal Audit will evaluate the submission and determine an appropriate strategy for investigating and resolving the situation. As appropriate, institution officials or the Office of the Attorney General ~~and~~ may be asked to conduct or participate in an investigation. Decisions regarding the appropriate response to a report made on the Hotline are otherwise wholly within the discretion of the Office of Internal Audit.

IV. Protections for Hotline Reporters: Persons who make reports to the USM ~~Fraud~~ Hotline will have the following protections:

- A. Non-Retaliation: Persons using the USM ~~Fraud~~ Hotline will have the full protections of Maryland's Whistleblower Act for state employees (Maryland Code §§ 5-301 ~~thru~~ through 5-13-314 of the State Personnel and Pensions Article).

No faculty, administrator, staff, student, or other member of the campus community may be subject to interference, coercion or reprisal for making a ~~fraud~~ hotline report in good faith. The USM and its institutions will not retaliate against any person making a good faith report of an unethical or

Attachment

illegal act or other misconduct, and will not knowingly permit retaliation by any manager, supervisor, faculty, or administrator.

~~B.~~ Confidentiality: Individuals reporting via the Hotline may choose to identify themselves or remain anonymous. The identity of any person reporting an incident will be used for investigative purposes only and will not be disclosed outside of the investigative team, except under narrow circumstances where

Attachment

disclosure is expressly required by law or necessary to protect the safety of the reporting individual or others. Strict confidentiality otherwise shall be maintained over Hotline documents at all times, and hotline cases should not be discussed with anyone outside of the investigative personnel.

V. Reporting by the Office of Internal Audit: On an annual basis, the Office of Internal Audit will prepare a USM Hotline Summary Report. The report will be presented to the Board of Regents for review and approval.

The Director of Internal Audit will, on a case-by-case basis, determine if an ~~fraud~~ audit report will be issued for allegations investigated by the Office of Internal Audit. When a report is issued it will include the results of the investigation, and if appropriate, recommendations for further action.

VI. Effective Date: This policy shall become effective on 04/16/2010.

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

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: March 26, 2025

SUMMARY:

Attachment: Register of Open Action Items from Prior 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 Prior Audit Committee Meetings
 26-Mar-25

Action ItemStatus**From December 2024 Audit Committee Meeting**

1.	Schedule Audit Committee Meeting in January 2025 to review final FYE June 30,2024 independent audit report.	Completed in January 2025.
2.	Create a summary document of OLA findings. Trend analysis.	Included in Committee on Audit's March 2025 meeting.

From October 2024 Audit Committee Meeting

1.	Update Policy on Reporting Suspected or Known Fiscal Irregularities to incorporate recommendations from the Investigation Workgroup's report.	Included in Committee on Audit's March 2025 meeting.
2.	Upgrade USMO's anonymous reporting mechanism to include recommendations from the Investigation Workgroup's report.	Procurement completed in March 2025. Implementation is underway.

From June 2024 Audit Committee Meeting

1.	Monitor Progress of UMGC's OLA audit results.	Update provided for October 2024 Audit Committee meeting and to be provided at the December 2024 meeting. Ongoing monitoring.
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From April 2024 Audit Committee Meeting

1.	Modify comparison report of USM characteristics with other institutions that have the same bond rating (UMGC endowment per student, footnotes, and report heading - peers vs. institutions with same rating).	Included in Committee on Audit's March 2025 meeting.
2.	Invite Mandiant to make a presentation to audit committee at a future meeting. Include discussion regarding vulnerability trends.	In process.

Note: Action items concluded prior to the October 2024 BOR Audit Committee meeting are not included in this schedule.

TOPIC: Convening Closed Session

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: March 26, 2025

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 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:

COMMITTEE ACTION:

DATE:

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 26, 2025

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.
- (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, meeting separately with independent auditor's engagement partner and USM's VC of accountability; discussion of IT security matters that pose

vulnerabilities of networks, critical IT infrastructure and information resources; and consideration of calendar year 2025 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 to avoid disclosing 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 2025 audit plan of activity by the USM Office of Internal Audit (§ 3-103(a)(1)(i);
- 7) To carry out an administrative function: the Committee's separate meeting with the VC of Accountability and independent auditors (§3-103(b)(1)(ii).