

# Audit Report

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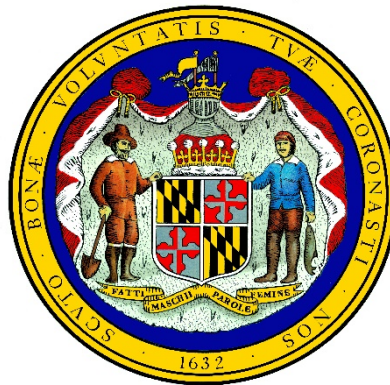
## University System of Maryland Bowie State University

April 2025

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### Public Notice

**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.**



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DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY**

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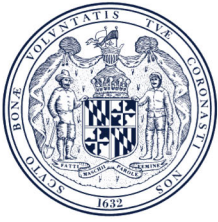
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

Brian S. Tanen, CPA, CFE  
Legislative Auditor

April 17, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – Bowie State University (BSU) for the period beginning May 1, 2020 and ending February 29, 2024. BSU is a regional university offering a broad range of undergraduate and selected professionally oriented graduate programs.

Our audit disclosed that BSU did not conduct timely and comprehensive reviews of adjustments made to student accounts. For example, BSU did not review \$7.5 million in adjustments to student accounts made during calendar year 2023 until our audit commenced in February 2024. In addition, as of September 2024, BSU had not reinstated referrals of delinquent accounts to the State's Central Collection Unit, which were suspended due to the COVID-19 State of Emergency. According to BSU records, as of September 2024, BSU had 2,860 student accounts with balances of at least \$1,000 totaling \$13.4 million that had been outstanding more than 265 days.

Furthermore, our audit disclosed cybersecurity-related findings. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the findings from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term "cybersecurity" is defined in the State Finance and Procurement Article, Section 3.5-301(b), and using our professional judgment we have determined that the redacted findings fall under

the referenced definition. The specifics of the cybersecurity findings were previously communicated to those parties responsible for acting on our recommendations.

USM's response to our findings and recommendations, on behalf of BSU, is included as an appendix to this report. Consistent with State law, we have redacted the elements of USM's response related to the cybersecurity audit findings. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by BSU.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

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## **Background Information**

### **Agency Responsibilities**

Bowie State University (BSU) is a comprehensive public institution of the University System of Maryland (USM) and operates under the jurisdiction of the System's Board of Regents. BSU is a regional university that provides a broad range of undergraduate and selected professionally oriented graduate programs, including doctoral level programs in educational leadership and computer science. According to USM records, student enrollment for the fall 2023 semester totaled 6,408 students, including 5,288 undergraduate students and 1,120 graduate students.

BSU's budget is funded by unrestricted revenues, such as tuition, fees, and a State general fund appropriation, and restricted revenues, such as federal grants and contracts. According to the State's records, BSU's revenues for fiscal year 2023 totaled approximately \$210.1 million, including a State general fund appropriation of approximately \$58.6 million (see Figure 1).

During the period from June 30, 2020 through June 30, 2023, BSU had vacancy rates that ranged from 15.3 percent to 27.4 percent. As of June 30, 2023, approximately 21 percent of the total 664 positions were vacant. These vacancies may have contributed, at least in part, to the findings in this report.

**Figure 1  
BSU Positions, Expenditures,  
and Funding Sources**

<b>Full-Time Equivalent Positions as of June 30, 2023</b>	
	<b>Positions</b>
Filled	524
Vacant	140
<b>Total</b>	<b>664</b>
<b>Fiscal Year 2023 Expenditures</b>	
	<b>Expenditures</b>
Salaries, Wages, and Fringe Benefits	\$ 67,116,920
Technical and Special Fees	23,799,416
Operating Expenses	119,146,938
<b>Total</b>	<b>\$210,063,274</b>
<b>Fiscal Year 2023 Funding Sources</b>	
	<b>Funding</b>
<u>Unrestricted</u>	
General Fund	\$ 58,613,662
Tuition and Fees	48,659,745
Other University Revenues <sup>1</sup>	45,542,206
	<b>152,815,613</b>
<u>Restricted</u>	
Federal Grants and Contracts	55,910,270
Other Gifts, Grants, and Contracts	1,337,391
	<b>57,247,661</b>
<b>Total</b>	<b>\$210,063,274</b>

Source: State financial records and BSU personnel records

<sup>1</sup> Includes revenues from Auxiliary Services (\$29.9M) and from the Historically Black Colleges and Universities Settlement (\$10.6M).

## Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the seven findings contained in our preceding audit report dated May 12, 2021. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	Finding Description	Implementation Status
Finding 1	BSU did not independently verify certain financial aid awards and manual adjustments to student accounts.	Not repeated
Finding 2	BSU did not have sufficient procedures to ensure that valid refund information was transmitted to the vendor responsible for disbursing student refunds, and that the vendor properly issued all refunds and adequately safeguarded sensitive student information.	Not repeated
Finding 3	BSU did not ensure that access to perform critical functions on its financial management systems was adequately restricted.	Status redacted <sup>2</sup>
Finding 4	Sensitive personally identifiable information was maintained without adequate safeguards and identification.	Status redacted <sup>2</sup>
Finding 5	Access to critical BSU internal network devices was not properly restricted, and intrusion detection prevention system coverage was not complete or adequate.	Status redacted <sup>2</sup>
Finding 6	Remote access to the internal BSU network by employees and authorized contractors used a single security authentication measure.	Status redacted <sup>2</sup>
Finding 7	For certain purchases, we found BSU circumvented procurement requirements and lacked comprehensive controls over invoice review, change order approval, and manual overrides of automated controls.	Not repeated

<sup>2</sup> Specific information on the current status of this cybersecurity-related finding has been redacted for the publicly available report in accordance with State Government Article, Section 2- 1224(i) of the Annotated Code of Maryland.



# Findings and Recommendations

## Student Accounts Receivable

### **Finding 1**

**Bowie State University (BSU) did not ensure that adjustments to student accounts were proper and did not refer delinquent accounts to the State's Central Collection Unit (CCU) as required.**

### **Analysis**

BSU did not ensure that adjustments to student accounts were proper and did not refer delinquent accounts to CCU as required. Specifically, our review disclosed that BSU did not review \$7.5 million in adjustments to student accounts made during calendar year 2023 until our audit commenced in February 2024. In addition, the BSU review did not always include reviewing supporting documentation that provided assurance that the adjustments made to student accounts were proper. Our test of 10 material adjustments made in calendar year 2023 totaling \$159,000 disclosed that they were properly supported.

BSU also did not refer delinquent student accounts to CCU as required by State regulations and its internal procedures. In response to the COVID-19 State of Emergency, the State of Maryland suspended debt collection activities, such as dunning letters, from April 2020 through October 2020. However, as of September 2024, BSU was still not referring delinquent accounts to CCU.<sup>3</sup> According to BSU records, as of September 2024, BSU had 2,860 student accounts with balances of at least \$1,000 totaling \$13.4 million that had been outstanding more than 265 days.

BSU's approved deviation from CCU provides that accounts should be referred to CCU approximately 265 days after an account becomes past due. We were advised that senior BSU management decided that a full review of student accounts should be made to ensure that the accounts were accurate prior to sending them to CCU. Although it has been several years since the COVID-19 pandemic ended, BSU had not investigated any of the cases as of the time of our review and could not provide a timeline for when these cases would be referred.

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<sup>3</sup> Subsequent to our fieldwork, BSU management advised us that it referred 586 delinquent accounts with an aggregate outstanding balance of approximately \$3.2 million to CCU in June 2024; however, we did not verify this assertion.

**Recommendation 1**

**We recommend that BSU**

- a. perform timely and comprehensive reviews of adjustments to student accounts, at least on a test basis; and**
- b. refer delinquent student accounts to CCU in accordance with its agreement with CCU.**

**Information Systems Security and Control**

We determined that the Information Systems Security and Control section, including Findings 2 and 3 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following findings, including the analysis, related recommendations, along with USM’s responses, have been redacted from this report copy.

**Finding 2**  
**Redacted cybersecurity-related finding.**

**Finding 3**  
**Redacted cybersecurity-related finding.**

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the University System of Maryland (USM) – Bowie State University (BSU) for the period beginning May 1, 2020 and ending February 29, 2024. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine BSU's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurements and disbursements, student accounts receivable, cash receipts, payroll, student financial aid, corporate purchasing cards, and information systems security and control. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to BSU by the USM Office, such as bond financing, and by the University of Maryland, College Park (UMCP), such as processing certain construction vendor payments and capital project management. These support services are included within the scope of our audits of the USM Office and UMCP, respectively. In addition, our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of BSU's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including the components of the USM.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of May 1, 2020 to February 29, 2024, but may include transactions before or after this period as we considered necessary to achieve our audit objectives. To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of BSU's operations. Generally,

transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from various key BSU internal systems, such as the BSU's financial management systems for the purpose of testing certain areas, such as procurements and disbursements. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

BSU's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to BSU, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of

internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect BSU's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to BSU that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation.” Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to BSU and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from the USM Office, on behalf of BSU, to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the USM Office regarding the results of our review of its response.

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OFFICE OF ADMINISTRATION AND FINANCE

April 16, 2025

Mr. Brian S. Tanen, CPA, CFE  
Legislative Auditor  
Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, MD 21201

Re: University System of Maryland – Bowie State University  
Period of Audit: May 1, 2020 through February 29, 2024

Dear Mr. Tanen,

Thank you for the work of your team and the recommendations you provided. I have enclosed the University System of Maryland's responses to your draft report covering the examination of the accounts and records of the University System of Maryland – Bowie State University. Our comments refer to the individual items in the report.

Sincerely,



Ellen Herbst  
Senior Vice Chancellor for Administration and Finance

Enclosures

cc: Dr. Aminta Hawkins Breaux, President, BSU  
Ms. Linda R. Gooden, Chair, University System of Maryland Board of Regents  
Mr. Louis M. Pope, University System of Maryland Board of Regents  
Dr. Jay A. Perman, Chancellor, University System of Maryland  
Ms. Celeste Denson, Associate Vice Chancellor for Financial Affairs, USM Office  
Mr. David Mosca, Vice Chancellor for Accountability, USM Office  
Mr. Michael C. Eismeier, Associate Vice Chancellor and CIO, USM Office  
Ms. Samantha Norris, Director, Financial Planning and Analysis, USM Office  
Mr. Manish Kumar, Vice President, Administration and Finance, BSU

**University System of Maryland  
Bowie State University**

**Agency Response Form**

**Student Accounts Receivable**

**Finding 1**

**Bowie State University (BSU) did not ensure that adjustments to student accounts were proper and did not refer delinquent accounts to the State’s Central Collection Unit (CCU) as required.**

**We recommend that BSU**

- a. perform timely and comprehensive reviews of adjustments to student accounts, at least on a test basis; and**
- b. refer delinquent student accounts to CCU in accordance with its agreement with CCU.**

<b>Agency Response</b>			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	March 2025
<b>Please provide details of corrective action or explain disagreement.</b>	The lack of timely reviews was primarily due to the implementation of a new system during the audit review period. Moving forward, we will conduct regular, comprehensive reviews of adjustments made to student accounts on a test basis.		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	July 2025
<b>Please provide details of corrective action or explain disagreement.</b>	The submission of accounts to CCU was delayed during and after the COVID-19 pandemic due to several factors, including the implementation of a new financial aid system, the complexity of certain academic agreements, and delays in student funding. We resumed regular submissions of accounts to CCU in June 2024. The university is committed to fully complying with its agreement with CCU regarding the timely referral of delinquent accounts.		

**University System of Maryland  
Bowie State University**

**Agency Response Form**

**Information Systems Security and Control**

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Findings 2 and 3 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the following findings, including the analysis, related recommendations, along with USM’s responses, have been redacted from this report copy, USM’s responses indicated agreement with the findings and related recommendations.

**Finding 2**  
**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

**Finding 3**  
**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**



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