

# Audit Report

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## St. Mary's College of Maryland

December 2024

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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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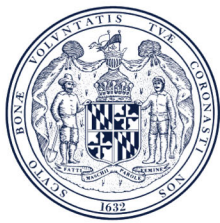
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

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Legislative Auditor

December 18, 2024

Senator Clarence K. Lam, M.D., 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 St. Mary's College of Maryland (the College) for the period beginning August 26, 2019 and ending July 15, 2023. The College is a public, liberal arts honors college that offers undergraduate and graduate degree programs in various disciplines. The College is governed by a Board of Trustees as authorized by the Education Article, Title 14, Subtitle 4 of the Annotated Code of Maryland.

Our audit disclosed several concerns with the procurement and/or monitoring of three contracts for the implementation of a new enterprise resource planning (ERP) system. For example, the College could not justify and did not properly document significant increases to the cost of a project implementation contract. As of October 31, 2023, payments on the contract were \$1.4 million (or 40 percent) more than the base contract cost of \$3.5 million. In addition, we noted certain questionable activity related to the College's procurement of a contract with a vendor affiliated with a State university to assist with the ERP implementation, which raised questions about the propriety of the award. The College also did not adequately monitor this contract and could not justify or support modifications to the contract payment terms and pricing.

Our audit also noted that a management employee's secondary employment with a vendor raised questions about the propriety of the procurements and related payments and potentially violated State ethics law. Specifically, our review of the

procurements for the two athletic contracts awarded to the vendor totaling \$187,700 disclosed that there was no competitive procurement for one contract totaling \$90,100, and for the other contract totaling \$97,600, there was no public solicitation of the bids.

Our audit also disclosed that the College did not collect all required fees from the Historic St. Mary's City Commission and did not have a written agreement or receive audited financial statements from the Boat Foundation, as required by the College's *Policy on Affiliated Entities*. The College also did not use available output reports of residency changes made on its automated student accounts system to ensure changes were properly supported. In addition, the College did not have sufficient procedures and controls over collections, such as ensuring all amounts received were deposited. Furthermore, the College permitted students with outstanding balances totaling \$691,000 to register for classes without adequate justification and did not refer delinquent student accounts to the State's Central Collection Unit timely.

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.

Finally, our audit included a review to determine the status of the six findings contained in our preceding audit report. For the non-cybersecurity-related findings, we determined that the College satisfactorily addressed one of the four findings. The remaining three findings are repeated in this report.

The College's response to this audit is included as an appendix to this report. We have edited the College's response to remove certain vendor names or products and a link to a website, as allowed by our policy. Consistent with State law, we have redacted the elements of the College's response related to the cybersecurity audit findings.

In addition, we reviewed the response and noted agreement to our findings and related recommendations, and while there are other aspects of the College's

response which will require further clarification, we do not anticipate that these will require the Joint Audit and Evaluation Committee's attention to resolve.

We wish to acknowledge the cooperation extended to us during the audit by the College and its willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor



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## **Background Information**

### **Agency Responsibilities**

St. Mary's College of Maryland (the College) is a public, liberal arts honors college that offers undergraduate degree programs in various disciplines and a graduate degree in Masters of Arts in Teaching. The College is governed by a Board of Trustees as authorized by the Education Article, Title 14, Subtitle 4 of the Annotated Code of Maryland. This law provides the Board with broad authority in managing the affairs of the College, and specifies that the Board may not be superseded in its authority by any State agency or office except as expressly provided in law. Furthermore, the law provides for the College to receive State general funds in the form of an annual grant.

According to the State's records, fiscal year 2023 revenues totaled approximately \$85.7 million, which included a State general fund appropriation of approximately \$31.5 million (see Figure 1 on the following page). According to the College's records, student enrollment for the Fall 2022 semester totaled 1,536.

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

<b>Full-Time Equivalent Positions as of June 30, 2023</b>		
	<b>Positions</b>	<b>Percent</b>
Filled	387	87.0%
Vacant <sup>1</sup>	58	13.0%
<b>Total</b>	<b>445</b>	
<b>Fiscal Year 2023 Expenditures</b>		
	<b>Expenditures</b>	<b>Percent</b>
Salaries, Wages, and Fringe Benefits	\$39,998,500	46.7%
Technical and Special Fees	4,648,748	5.4%
Operating Expenses	41,020,148	47.9%
<b>Total</b>	<b>\$85,667,396</b>	
<b>Fiscal Year 2023 Funding Sources</b>		
	<b>Funding</b>	<b>Percent</b>
<u>Unrestricted</u>		
General Fund	\$31,505,771	36.8%
Tuition and Fees	25,065,295	29.3%
Other University Revenues <sup>2</sup>	22,651,094	26.4%
	<b>79,222,160</b>	<b>92.5%</b>
<u>Restricted</u>		
Federal Grants and Contracts	3,982,950	4.6%
Other Gifts, Grants, and Contracts	2,462,286	2.9%
	<b>6,445,236</b>	<b>7.5%</b>
<b>Total</b>	<b>\$85,667,396</b>	

Source: State financial records and College personnel records

<sup>1</sup> The majority of the vacancies were for positions that would not have a direct impact on the findings in this report.

<sup>2</sup> Includes revenues from Auxiliary Services (\$18.1 million) and from the Higher Education Investment Fund (\$2.5 million).

## Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the six findings contained in our preceding audit report dated July 14, 2020. As disclosed in Figure 2, for the non-cybersecurity-related findings, we determined that the College satisfactorily addressed one of the four findings. The remaining three findings are repeated in this report.

**Figure 2**  
**Status of Preceding Findings**

Preceding Finding	Finding Description	Implementation Status
Finding 1	The College did not accurately report the cost of its Enterprise Resource Planning System contract to the Board of Public Works, and lacked documentation to support critical elements of and changes to the contract terms.	<b>Repeated</b> (Current Finding 2)
Finding 2	The College did not ensure the propriety of labor charges billed by its food services vendor, which totaled \$2.1 million in fiscal year 2019.	Not Repeated
Finding 3	Collections were not always safeguarded, deposited timely, or verified to subsequent deposit; and certain collection duties were not segregated as required.	<b>Repeated</b> (Current Finding 7)
Finding 4	Changes to student residency to in-state status recorded in the College’s automated records were not subject to independent review and approval, and were not always supported.	<b>Repeated</b> (Current Finding 6)
Finding 5	The College maintained a significant computer application which contained sensitive personally identifiable information, without adequate safeguards.	Status Redacted <sup>3</sup>
Finding 6	The College broadly granted non-information technology employees local administrative rights on their computer workstations, increasing malware security risk.	Status Redacted <sup>3</sup>

<sup>3</sup> Specific information on the current status of this cybersecurity-related finding has been redacted from the publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

# Findings and Recommendations

## Enterprise Resource Planning (ERP) System

### Background

During the period from October 2018 to June 2022 the College awarded three contracts totaling approximately \$4 million (see Figure 3) related to the replacement of its legacy financial system with a comprehensive cloud-based enterprise resource planning (ERP) system to manage its admissions, academic, financial, and human resource activities.

- In October 2018, the College procured a project implementation contract after a competitive procurement process. The vendor was responsible for project management and implementation of the

**Figure 3**  
**ERP Contracts**

Contract	Base Contract Amount	Payments as of October 2023
Project Implementation	\$3,500,000	\$4,900,000
UMGC HIEDA	348,000	1,200,000
Training Services	141,280	311,895
<b>Total</b>	<b>\$3,989,280</b>	<b>\$6,411,895</b>

Source: College Records

- various modules, integration of data and other systems, consultation services, and housing and support/maintenance of the necessary software for the new ERP system. Concerns with certain aspects of the procurement of the contract and contract modifications were included in our preceding audit report of the College. In addition, certain issues with this vendor were included in our August 20, 2024 audit of the University of Maryland Global Campus (UMGC) in which we noted the vendor was a subcontractor to a High Impact Economic Development Activities (HIEDA)<sup>4</sup> company created by UMGC.<sup>5</sup> Our current review identified concerns with the College’s monitoring of this contract and with certain payments as further described in **Finding 1**.

- In November 2019, the College determined that it did not have the necessary staff to implement the ERP and would need additional outside resources. In December 2019, the College entered into a contract with the aforementioned HIEDA (hereafter referred to as the UMGC HIEDA) to assist in the implementation by providing professional consulting information technology

<sup>4</sup> HIEDA entities are initiatives which, according to State law, may be established by designated institutions of higher education, including USM, to promote the economic interests of the State in areas such as job creation and workforce development, technology transfer, commercialization, and entrepreneurship.

<sup>5</sup> The vendor was working on an information technology project that was determined to be unusable and abandoned and resulted in UMGC losing \$25.7 million.

services including a project manager and was responsible for initiation, planning, design, execution, monitoring, control, and implementation of the ERP system. Our review identified concerns with the procurement and monitoring of this contract as further described in **Finding 2**.

- In June 2022, the College used a contract procured by a third party to obtain training materials and support for the ERP system at a cost of \$141,280 (hereafter referred to as training services vendor). In June 2023, the College processed a contract modification increasing the contract amount to \$313,526 and entered into a second contract with the vendor at a cost of \$313,775 to retain this vendor as needed for training services as the ERP system was being implemented. Our review identified concerns with the procurement of these contracts as further described in **Finding 3**.

### **Finding 1**

**The College did not adequately monitor and could not justify or support significant contract modifications to the project implementation contract, which was \$1.4 million over budget as of October 2023.**

### **Analysis**

The College did not adequately monitor and could not justify or support significant contract modifications to the project implementation contract.

#### Increases in Contract Costs Were Not Justified, Documented, and Approved

The College could not justify and did not properly document significant increases to the cost of the contract. As of October 31, 2023, payments on the contract totaled approximately \$4.9 million, which was \$1.4 million (or 40 percent) more than the base contract cost of \$3.5 million. The College could not document the basis for the increased costs and did not execute any contract modifications as required by College policy. The College also did not obtain Board of Public Works (BPW) approval for these additional costs. Although BPW personnel subsequently advised that they did not require approval for additional costs, College policy requires BPW approval for modifications over \$1 million.

Concerns with the procurement of this contract noted in our prior report may also have contributed to the increased costs. Specifically, our prior report noted that during the procurement, the College changed the contract terms from exclusively fixed cost to a contract with time and materials and fixed cost components. In addition, we noted that the contract did not include a maximum or ceiling price that the contractor exceeds at its own risk as required by College policies and procedures for time and materials contracts.

### The College Did Not Monitor the Contract

The College did not monitor the contract to ensure the project was progressing on schedule. The contract provided that the vendor was to provide the College with a project schedule, risk assessment plan, and project management plan to help monitor the progress of the project. Our review disclosed that the College did not obtain this information and accordingly was unable to properly monitor the contract.

College management advised us that it received information regarding project status and work performed through periodic vendor meetings and data accompanying invoices. However, the vendor meetings were not documented and the data supporting the invoices was not sufficient to monitor the progress of the contract. Specifically, the invoices only included total hours by employee and a brief description of the tasks being worked. It did not provide a cost by task or an estimated cost to complete, milestones, or a timeline to complete the project.

The lack of adequate monitoring is significant because the original contract completion date for all modules was February 2022, but according to College management the final modules (student accounts receivable, registrar services, and financial aid) were not implemented until October 2024. The contract with the vendor did not include any provisions for liquidated damages which may preclude any recourse against the vendor for the delayed implementation.

### The College Did Not Ensure Labor Hours Invoiced Were Proper

The College did not obtain available documentation to support the propriety of labor hours invoiced by the vendor. Although invoices submitted by the vendor included certain status reports, actual hours charged were not supported by time records of hours billed. For example, a July 2023 invoice totaling \$51,910 included 283 hours billed with labor rates ranging from \$161.50 to \$190 per hour. The College did not obtain any employee time records to support the hours charged. At our request, the College obtained time records for one selected invoice from the vendor. Our review of the support disclosed that the labor charges appeared reasonable.

### **Recommendation 1**

**We recommend that the College**

- a. ensure that contract costs do not exceed the related contract, process formal contract modifications for any additional costs, and obtain BPW approvals as required by its policy;**
- b. obtain required monitoring reports from the vendor, establish procedures to review the reports, and take appropriate corrective action when project schedules and deadlines are not met;**

- c. **consult with legal counsel to determine the feasibility of assessing liquidated damages for the delays in system implementation and include provisions for liquidated damages in future contracts; and**
- d. **obtain support for amounts invoiced to ensure they were proper and take appropriate action for any amounts that are not supported.**

**Finding 2**

**Certain aspects of the procurement of the contract with the UMGC HIEDA entity raise questions about the propriety of the award. In addition, the College could not support changes to the contract terms and did not adequately monitor the contract resulting in cost overruns.**

**Analysis**

Certain aspects of the procurement of the contract with the UMGC HIEDA raise questions about the propriety of the award. In addition, the College could not support changes to the contract terms and did not adequately monitor the contract resulting in cost overruns. As of October 2023, payments for the contract totaled approximately \$1.2 million, which was \$825,000 (or more than 200 percent) above the initial contract cost of \$348,000.

Questionable Procurement of the Contract

Certain aspects of the procurement of the contract with the UMGC HIEDA raise questions about the propriety of the award. Our review disclosed that prior to issuing the request for proposal, the College communicated with the UMGC HIEDA, and received data regarding the expected number of hours the work would require and the expected cost of \$304,000. This is significant because the College subsequently issued the request for proposal (RFP) with an estimated value between \$300,000 and \$350,000. In addition, based on correspondence in the procurement file, the College and the UMGC HIEDA discussed several options for obtaining their services prior to issuing the RFP, including a sole source contract or adding the UMGC HIEDA as a subcontractor to the project implementation contract.<sup>6</sup> Furthermore, one of the employees who communicated with the UMGC HIEDA subsequently participated in the evaluation of vendor proposals submitted for this contract.

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<sup>6</sup> The UMGC HIEDA suggested this approach after talking to the project implementation vendor and stated it “would create an SOW [Statement of Work] with them [the project implementation vendor] to provide the services to you [the College] as part of the project. You [the College] would pay them [the project implementation vendor] (but work with me [the UMGC HIEDA]) and they [the project implementation vendor] would pass the money through.”

We further noted that the College awarded the contract to the UMGC HIEDA for \$44,000 more than the HIEDA's financial proposal. College management could not provide written justification for the increase but advised us that it was necessary because the UMGC HIEDA's proposal omitted four months of work for one of the three positions in its proposal. The change in price is significant, since the UMGC HIEDA was selected because its proposed cost of \$304,000 was 'substantially less' than the \$350,000 bid by a second bidder rated equally capable. The increased amount was not submitted for reevaluation by the committee; therefore, it is unknown what impact, if any, it would have had on the final award since the difference between the two vendors price was no longer substantial (only a \$2,000 difference).

The College's pre-proposal communication with the UMGC HIEDA, the employees' subsequent involvement in evaluating the proposals, and the undocumented basis for the increase of the contract award raises questions regarding the transparency and propriety of the award. State law (from which the College is exempt) provides that an individual who assists in the drafting of specifications, an invitation for bids, a request for proposals for a procurement, or a person that employs the individual during the period of assistance, may not submit a bid or proposal for that procurement or assist or represent another person, directly or indirectly, who is submitting a bid or proposal for that procurement.

Furthermore, counsel to the Board of Public works advised us that a State agency should not be attempting to communicate with only one particular vendor to find out total project hours, or other potential specifications/requirements that may eventually end up in a request for proposal (RFP). We were further advised that a State agency should not be taking part in altering a proposal, including unilaterally increasing a vendor's price proposal based on an assumption that the proposal failed to include specific costs. Rather, the agency must request 'best and final offers' from all remaining offerors to allow any one vendor to revise its price proposal to include pricing for costs that may have not been included in the original price proposal. If a bid/proposal is not corrected or updated under these permitted ways, then the bid/proposal must be evaluated as originally submitted; the State agency should not be increasing a vendor's pricing on its own.

Based on our review and the conditions noted above, we brought this matter to the attention of the Office of the Attorney General – Criminal Division. Bringing this matter to the Criminal Division's attention does not mean that a criminal act has actually occurred or that criminal charges will be filed.



### Lack of Documentation Supporting Significant Changes in Contract Terms

The College could not provide documentation to support its decision to change the payment terms of the UMGC HIEDA contract from a fixed cost (as specified in the RFP and the original contract) to a time and materials contract. The College's policies and procedures stipulate that a fixed price contract is ordinarily in the best interest of the College. The policies further provide that a time and materials contract may only be used if the College's procurement officer determines that no other contract is available but the College had no documentation of such a determination. In addition, the contract did not include a maximum or ceiling price as required by the procurement policies and procedures for time and materials contracts. This change to the contract and lack of a contract maximum may have contributed, at least in part, to the significant increases in the contract costs.

A similar condition regarding not documenting its justification for changing contract terms from fixed cost to a time and materials contract was commented upon in our preceding audit report (regarding the vendor in Finding 1). In response to that report the College noted it would create a document outlining the justification. We noted the College took the corrective action for the contract identified in the preceding audit report, but did not ensure procedures were in place for other contracts such as the one in this finding.

### The College Did Not Monitor the UMGC HIEDA Contract

The College did not obtain ongoing progress and status reports, or quality assurance and risk management plans required under the contract to ensure the vendor was providing the services required by the contract. In addition, the College did not ensure hours billed were consistent with the related contract estimates. We analyzed all 43 invoices totaling \$1.1 million submitted between May 2020 and June 2023 and noted that for 27 invoices totaling \$885,000, the UMGC HIEDA billed the College 1,498 hours totaling \$138,000 in excess of the estimated amount. The College could not document that it questioned the excessive hours.

The failure to properly monitor the contract and ensure the propriety of amounts invoiced is significant because as noted in Finding 1 the project implementation was significantly behind schedule. In addition, the College ultimately had to process three contract modifications increasing the cost of the UMGC HIEDA contract from the original cost of \$348,000 to \$1.5 million (\$150,000 in August 2020; \$476,000 in April 2021; and \$501,000 in April 2022).

## **Recommendation 2**

**We recommend that the College**

- a. ensure that contract award amounts are consistent with the vendor cost proposal;**
- b. ensure that future contracts are procured in a transparent manner;**
- c. as required by its procurement policies and procedures, document determinations justifying the use of time and material contracts, and ensure that such contracts clearly include a ceiling price that the contractor exceeds at its own risk (repeat); and**
- d. obtain required monitoring reports from the vendor, review the reports, and take corrective action when hours billed exceeds estimated hours.**

## **Finding 3**

**The College could not document that its use of a contract procured by a third party for training services totaling approximately \$627,000 complied with the College's procurement policies and procedures.**

## **Analysis**

The College could not document that its use of a contract procured by a third party to obtain training services totaling approximately \$627,000 complied with its procurement policies and procedures. Our review disclosed that the College procured two contracts under a consultant services contract for insurance and risk management that was procured by a third party. The College did not document that using this third-party contract to procure the training services was in the College's best interest and subject to a procurement process. The failure to document these efforts and the unrelated nature of the third-party contract (consultant services for insurance and risk management) raises concerns about whether the use of the contract was appropriate and in the College's best interest.

The College's procurement policies and procedures provide for the use of contracts established by other institutions or agencies provided that use of the contract is in the best interest of the institution, and the established contract was awarded after a procurement process (including sole source or negotiated procurement).

## **Recommendation 3**

**We recommend that the College document its compliance with its procurement policies and procedures and verify that its use of third-party contracts is appropriate and in the best interest of the College and that the contract was subject to a procurement process.**

## Potential Ethics Violations

### Background

While reviewing disbursements related to a management employee with significant expense reimbursements, we identified concerns with certain procurements. In response to these concerns, our Special Investigation Unit conducted an expanded review which identified that the management employee had secondary employment with a vendor that supplied certain athletic equipment to the College. During the period from August 26, 2019 through July 15, 2023, the vendor was awarded two contracts from the College totaling approximately \$187,700. Our review also disclosed that the management employee previously had secondary employment with another vendor that supplied athletic equipment to the College prior to August 2019. We did not review transactions involving this other vendor because of the length of time since the contracts were awarded.

Our review of the management employee's secondary employment with the current vendor did not identify any matters that warranted a referral to the Office of the Attorney General's Criminal Division. However, we did identify potential violations of State ethics law that should be referred to the State Ethics Commission by the College.

### **Finding 4**

**A management employee's secondary employment with a vendor raised questions about the propriety of the procurements and related payments and potentially violated State ethics law.**

### Analysis

A management employee's secondary employment with a vendor raised questions about the propriety of the procurements and related payments and potentially violated State ethics law. Specifically, our review of the procurements of the two athletic contracts disclosed that the management employee supervised the employees who processed the procurements and we were advised was involved in various discussions with these employees during the procurements. In this regard, there was no competitive procurement for one of these contracts totaling \$90,100, and for the other contract totaling \$97,600, there was no public solicitation of the bids.<sup>7</sup> Rather, the bids were directly solicited from three vendors, one of which declined to submit a bid and the other had a history of providing poor quality products to the College.

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<sup>7</sup> Intercollegiate athletic contracts are excluded from the procurement requirements in the College's *Procurement Policies and Procedures*.

In addition, we identified two payments totaling \$1,800 made to the vendor on the management employee's corporate purchasing card. The management employee's involvement in the procurements and payments, combined with the lack of a public solicitation for this equipment, raises questions as to the propriety of the awards.

Although the employee disclosed the secondary employment on their financial disclosure forms filed with the State Ethics Commission, the employee indicated that they were not involved in transactions between the College and the vendor. Senior management personnel at the Commission advised us that the management employee's secondary employment and participation in these transactions could potentially violate certain provisions of State ethics law. Specifically, Section 5-502 of the General Provisions Article of the Annotated Code of Maryland prohibits an employee from having secondary employment with a business entity that has entered into a contract with the employee's agency. Section 5-501 of the Article prohibits an employee from participating in matters involving a business entity if the employee has secondary employment with the business entity.

This condition was caused, at least in part, because the College's conflict of interest policy was limited to employees participating in certain federally funded research projects. As such, the employee was not required to report the secondary employment to the College. We could not determine if the relationship had been disclosed to the employee's supervisor because the supervisor had resigned from the College prior to the start of our audit.

#### **Recommendation 4**

**We recommend that the College**

- a. refer the potential violations of State ethics laws to the Commission and take action to comply with any decisions that the Commission provides on these matters,<sup>8</sup> and**
- b. develop a more comprehensive policy to identify and address potential conflicts of interest for all College employees.**

### **Affiliated Entities**

#### **Background**

The College has working relationships with the Historic St. Mary's City Commission, the St. Mary's College of Maryland Foundation, and the St. Mary's

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<sup>8</sup> Referral of a matter to the Commission does not mean that a violation has taken place, and any final decision as to whether a violation occurred would ultimately be made by the Commission.

College of Maryland Boat Foundation, Inc. These are independent entities that provide a variety of services as described below.

The **Historic St. Mary's City Commission (Commission)** is an independent unit of State government that consists of 17 members. The Commission is responsible for preserving and protecting archaeological and historical records of Maryland's first colonial capital and for appropriately developing and using this historic and scenic site for the education, enjoyment, and the general benefit of the public. The College provides support services such as procurement, payment and payroll processing, maintenance of personnel and accounting records, and other related fiscal functions to the Commission. The College received approximately \$179,000 from the Commission during the audit period for these support services.

The April 2022 Joint Chairmen's Report noted concerns about the financial management practices at the Commission and required a certified public accounting firm to conduct a performance audit to evaluate the efficiency and effectiveness of the financial management practices including procurement by the Commission. Subsequently, Chapter 129, Laws of Maryland, 2023 effective June 1, 2023 made numerous changes to the governance of the Commission and required the Commission to develop and publish written policies regarding the Commission's operating procedures.

The **St. Mary's College of Maryland Foundation (Foundation)** is a tax-exempt charitable organization as defined by the Internal Revenue Service. Established in 1971, the purpose of the Foundation is to provide certain financial support to the students, faculty, and staff of the College when warranted. The College's agreement with the Foundation provides that in exchange for such support, the College will provide staff, equipment, space, and utilities to the Foundation. According to their records, the Foundation had fiscal year 2022 expenditures of \$4.9 million.

The **St. Mary's College of Maryland Boat Foundation, Inc. (Boat Foundation)** is a tax-exempt charitable organization as defined by the Internal Revenue Service. Established in 1998, the purpose of the Boat Foundation is to support the boating and sailing program of the College and to provide resources for related education and training. Such resources are obtained through the donation and subsequent sale of power and sail boats. According to its records, the Boat Foundation had fiscal year 2022 expenditures of approximately \$298,000.

**Finding 5**

**The College did not collect all required fees from the Commission. In addition, the College had no written agreement with and did not receive audited financial statements from the Boat Foundation, both of which are requirements in the College's *Policy on Affiliated Entities (Policy)*.**

**Analysis**

The College did not collect all required fees from the Commission. In addition, the College had no written agreement with and did not receive audited financial statements from the Boat Foundation, as required.

Commission

The College did not collect all required fees from the Commission as provided for in its Letter of Agreement (LOA) with the Commission. The LOA provided for a monthly fee of \$4,454 to be paid by the Commission to the College for support services, and for that fee to be adjusted annually after the first five years of the agreement for changes in the Consumer Price Index. Our review disclosed that the College has not adjusted the fee, and based on our estimate, the Commission should have paid the College an additional \$370,610 since 2002.

The College advised us that approximately six years into the LOA, the College stopped providing information technology support services to the Commission and reduced the monthly fee by approximately \$1,000 a month. However, the LOA, which was prepared in 1997, was never updated for the change. The College also advised us in November 2024, that it decided not to seek any of the outstanding fees owed by the Commission because the support services provided to the Commission that were the basis for the original monthly fee had changed over the years.

Boat Foundation

The College did not have a formal written agreement with the Boat Foundation. The *Policy* requires annual written agreements between affiliated entities and the College to address, for example, any cost reimbursement for providing support services to the entity or the use of College facilities by the entity. In addition, the College did not obtain audited financial statements from the Boat Foundation as required by the *Policy*, and based on our review, the Boat Foundation's financial statements were unaudited for fiscal year 2022.

## **Recommendation 5**

**We recommend that the College**

- a. consult with legal counsel to determine how to proceed regarding the aforementioned fees owed by the Commission,**
- b. annually adjust the monthly fee paid by the Commission in accordance with the College's agreement with the Commission,**
- c. ensure that the agreement with the Commission is updated on a timely basis for any significant changes, and**
- d. enter into a written agreement with the Boat Foundation and obtain and review its audited financial statements as required by the College's *Policy*.**

## **Student Residency**

### **Finding 6**

**The College did not use available output reports of residency changes made on its automated student accounts system to ensure that only authorized and supported changes were made.**

### **Analysis**

The College did not use available output reports of residency changes made on its automated student accounts system to ensure that only authorized and supported changes were made. During the period from July 2, 2019 through July 17, 2023 there were 86 residency status changes from out-of-state to in-state. Proper verification of student residency changes is important because of the significant differences between in-state and out-of-state student tuition rates. For example, the College's undergraduate tuition rate for Maryland residents was \$6,058 for the Fall 2022 semester, whereas the undergraduate tuition rate for out-of-state students was \$14,096.

Although residency change petitions are reviewed and approved prior to recording, the College did not use an output report to ensure that all changes were accurately recorded and supported by an approved petition. Our arbitrary test of 10 residency status changes during the audit period disclosed that there was no supporting documentation for one of the changes tested.

A similar condition was commented upon in our preceding audit report. In response to that report, the College indicated that as of September 2020 output reports would be run and reviewed periodically and that all documentation related to residency changes would be maintained in a central location. College

personnel advised us that the system could not easily generate an output report of changes; however, as noted above, we were able to obtain a report for our testing.

### **Recommendation 6**

**We recommend that the College**

- a. ensure that changes to student residency status are authorized and valid by verifying available output reports of all residency status changes posted to student accounts to supporting documentation (repeat), and**
- b. obtain support for the aforementioned residency change and take any appropriate corrective action.**

## **Cash Receipts**

### **Finding 7**

**The College did not perform verifications of collections to deposit, did not always deposit collections in a timely manner, and did not segregate duties as required.**

### **Analysis**

The College did not perform verifications of collections to deposit, did not always deposit collections in a timely manner, and did not segregate duties as required. According to State records, the College's collections during fiscal year 2023 totaled approximately \$16.8 million.

- The College did not perform verifications of recorded collections to deposit. This condition was commented upon in our preceding audit report. In its response to that report, the College agreed with our recommendation to conduct the verifications. During our current audit, College management advised us that verifications were not being performed because it made a change in the bank it used, and no longer received validated deposit documentation from the bank. However, the College could have used bank records to confirm the recorded collections were deposited.
- Collections were not being deposited timely as required. For example, our test of 24 days of collections between January 2022 and June 2023 totaling approximately \$9.6 million<sup>9</sup> disclosed that collections for 8 days, totaling \$1.2 million, were deposited 4 to 5 business days after receipt. A similar condition was commented upon in our preceding audit report. In its response to that report, the College stated it would utilize an armored car service to pick up

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<sup>9</sup> Test selection was focused on the busier semester dates.



and transport its deposits. While the College began using the armored car service, the pickups were only being done weekly.

- Three employees with access to collections could also manually record non-cash credits in student account receivable records, which were not subject to any independent review and approval using an output report. As a result, collections could be misappropriated and the related accounts could be adjusted to avoid detection. During fiscal year 2023, non-cash credit adjustments manually posted to student accounts totaled approximately \$112,500.

A similar condition was commented upon in our preceding audit report. In its response to that report, the College stated that by September 2020 a report to identify non-cash credits would be created and a quarterly review of these reports would be performed. However, as of October 2023, the College had not created the reports to perform the review.

The Comptroller of Maryland's *Accounting Procedures Manual* requires independent verifications of collections to deposit and timely deposit of collections within one working day of receipt. The *Manual* also requires segregation of collections and accounts receivable functions.

#### **Recommendation 7**

**We recommend that the College**

- a. ensure that an independent verification of recorded collections to deposit is performed and documented when deposits are made (repeat);**
- b. deposit all collections in a timely manner (repeat);**
- c. ensure employees with access to collections do not have the ability to adjust accounts receivable records; and**
- d. ensure that all non-cash credits are subject to independent review and approval by, for example, establishing system generated output reports of non-cash credits processed for verification to valid supporting documentation (repeat).**

## Student Accounts Receivable

### **Finding 8**

**The College did not prevent students with outstanding balances from registering for classes and did not refer delinquent student accounts to the State's Central Collection Unit (CCU) timely.**

### **Analysis**

The College removed account holds<sup>10</sup> and permitted students with outstanding Spring 2023 semester balances to register for Fall 2023 semester classes without adequate justification and did not refer delinquent accounts to CCU timely. According to the College's records, outstanding student accounts receivable totaled \$864,182 as of June 30, 2003, with \$669,999 being greater than 180 days past due.

- The College removed holds from at least 89 students with outstanding Spring 2023 balances totaling \$691,459 (ranging from \$1,144 to \$28,102) without adequate justification, such as proof that a payment plan had been established. This allowed these students to register for the Fall 2023 semester with significant unpaid balances. At the time of our review, the College did not have a formal policy for establishing and releasing holds. We noted that other State universities have a policy that precludes students from registering for classes if they have outstanding balances unless the student is covered by a specific exemption.
- The College did not timely refer delinquent student accounts to CCU as required. Our test of 10 material accounts totaling \$88,512 that had been referred to CCU disclosed that 8 were referred approximately 6 to 11 months after they were eligible for referral. CCU regulations, as amended for the College, generally require that each semester's delinquent accounts be transferred to CCU in September for the preceding spring semester, or January for the preceding summer and fall semesters.

### **Recommendation 8**

**We recommend that the College**

- a. implement a formal policy for establishing and releasing account holds that includes required justification and documentation; and**
- b. ensure that delinquent accounts are referred to CCU, in accordance with CCU regulations as amended for the College.**

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<sup>10</sup> An account hold generally prohibits subsequent transactions, such as registering for classes and ordering transcripts.

## **Information Systems Security and Control**

We determined that the Information Systems Security and Control section, including Findings 9 and 10 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 the College’s responses, have been redacted from this report copy.

**Finding 9**  
**Redacted cybersecurity-related finding.**

**Finding 10**  
**Redacted cybersecurity-related finding.**

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

We have conducted a fiscal compliance audit of the St. Mary's College of Maryland (the College) for the period beginning August 26, 2019 and ending July 15, 2023. 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 the College'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, and information systems security and control. Our audit included certain support services (such as payment processing, payroll processing, maintenance of personnel and accounting records, and related fiscal functions) provided by the College to the Historic St. Mary's City Commission. We also determined the status of the six findings contained in our preceding audit report.

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 the College'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 College.

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 August 26, 2019 to July 15, 2023, 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 the College'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). 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 the College's financial systems for the purpose of testing certain areas, such as financial aid and student accounts receivable. 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.

The College'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 the College, 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 the College'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 the College 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 the College and those parties responsible for acting on our recommendations in an unredacted audit report.

The College's response 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 College regarding the results of our review of its response.

## APPENDIX



OFFICE OF THE VICE PRESIDENT FOR  
BUSINESS & FINANCE  
47645 College Drive  
St. Mary's City, MD 20686

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TEL: 240-895-4413  
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December 17, 2024

Brian S. Tanen, CPA, CFE  
Legislative Auditor  
Department of Legislative Service  
Office of Legislative Audits  
Maryland General Assembly  
351 West Camden Street, Suite 400  
Baltimore, Maryland 21201

Dear Mr. Tanen:

St. Mary's College of Maryland is in receipt of your correspondence dated December 3, 2024 requesting responses to the audit report comments and recommendations. Per your request, we are pleased to submit our responses to each of the 10 findings. Please contact me at 240-895-4413, or via email at [ahmohammadi@smcm.edu](mailto:ahmohammadi@smcm.edu) with any questions, or if further information is needed.

Sincerely,

Amir Mohammadi, PhD  
Interim Vice President for Business and Chief Financial Officer

cc: Dr. Tuajuanda C. Jordan, President

# St. Mary's College of Maryland

## Agency Response Form

### Enterprise Resource Planning (ERP) System

**Finding 1**  
 The College did not adequately monitor and could not justify or support significant contract modifications to the project implementation contract, which was \$1.4 million over budget as of October 2023.

We recommend that the College

- a. ensure that contract costs do not exceed the related contract, process formal contract modifications for any additional costs, and obtain BPW approvals as required by its policy;
- b. obtain required monitoring reports from the vendor, establish procedures to review the reports, and take appropriate corrective action when project schedules and deadlines are not met;
- c. consult with legal counsel to determine the feasibility of assessing liquidated damages for the delays in system implementation and include provisions for liquidated damages in future contracts; and
- d. obtain support for amounts invoiced to ensure they were proper and take appropriate action for any amounts that are not supported.

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	June 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM will ensure all contract costs do not exceed the related contract, process formal contract modifications for any additional costs, and obtain BPW approvals in accordance with policies, as required.  The SMCM Procurement Officer will review contracts in accordance with the college policies to make sure that contracts do not exceed the contract value without proper modifications. These reviews will be done monthly. All contract modifications will be executed in a timely manner and in accordance with college policies.  Additionally, the College is updating the Colleges Procurement Policy section 1.1.5 as it pertains to BPW approval to align with Advisory 1995-1 and State Finance and Procurement Article (SFP) 11-203 (e).		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	February 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM will obtain all required monitoring reports, establish procedures to monitor the reports and take corrective actions when project schedules and deadlines are not met.		
<b>Recommendation 1c</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM has consulted with legal counsel to determine if it is feasible to assess liquidated damages related to delays in system implementation.  SMCM will include, when appropriate, provisions for liquidated damages in future contracts.		
<b>Recommendation 1d</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	Invoices shall contain support for amounts invoiced. SMCM has implemented additional measures to ensure copies of timesheet documents are provided for review with invoice submission. SMCM will seek appropriate action for any amounts not supported.		

### Finding 2

Certain aspects of the procurement of the contract with the UMGH HIEDA entity raise questions about the propriety of the award. In addition, the College could not support changes to the contract terms and did not adequately monitor the contract resulting in cost overruns.

We recommend that the College

- a. ensure that contract award amounts are consistent with the vendor cost proposal;
- b. ensure that future contracts are procured in a transparent manner;
- c. as required by its procurement policies and procedures, document determinations justifying the use of time and material contracts, and ensure that such contracts clearly include a ceiling price that the contractor exceeds at its own risk (repeat); and
- d. obtain required monitoring reports from the vendor, review the reports, and take corrective action when hours billed exceeds estimated hours.



**St. Mary's College of Maryland**

**Agency Response Form**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 2a</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM will ensure that all contract award amounts are consistent with vendor cost proposal.</p> <p>SMCM Procurement Officer will review all cost proposals for vendors that receive a rating of acceptable or higher for accuracy during the initial RFP review process. Any inconsistency will be addressed prior to any final determination of award.</p>		
<b>Recommendation 2b</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM will ensure that all future contracts are procured in a transparent manner.</p> <p>SMCM Procurement Officer will follow all college procurement policies as outlined in Section 3 of the college's procurement policy. Additionally, the Procurement Officer will make sure that any person involved in market research, or drafting of specifications for proposals are not permitted to submit proposals or participate in the review process.</p>		
<b>Recommendation 2c</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM Procurement Officer will follow all college procurement policies and procedures as outlined in Section 4.6 of the college's procurement policy for documenting determinations and justifications for the use of time-and-materials contracts.</p> <p>Additionally, the Procurement Officer will include a ceiling price that the contractor exceeds at its own risk as indicated in section 4.6.6 of the college's procurement policies.</p>		
<b>Recommendation 2d</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM OIT Management will require monitoring reports with all submitted invoices. SMCM will review the reports and take any corrective actions for hours exceeding or insufficient to support the amount invoiced for the estimated contract hours.</p>		

**Finding 3**

**The College could not document that its use of a contract procured by a third party for training services totaling approximately \$627,000 complied with the College's procurement policies and procedures.**

We recommend that the College document its compliance with its procurement policies and procedures and verify that its use of third-party contracts is appropriate and in the best interest of the College and that the contract was subject to a procurement process.

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 3</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM Procurement Officer will perform a comprehensive review of all third-party contracts and will confirm that each contract is prepared in a way that is in the best interest of the College and is prepared in accordance with all procurement policies and procedures.</p> <p>SMCM Procurement Officer has now implemented an internal control: when using a third-party contract there is an internal justification form that must be completed prior to award.</p>		

# St. Mary's College of Maryland

## Agency Response Form

### Potential Ethics Violations

**Finding 4**  
 A management employee's secondary employment with a vendor raised questions about the propriety of the procurements and related payments and potentially violated State ethics law.

**Recommendation 4**

We recommend that the College

- a. refer the potential violations of State ethics laws to the Commission and take action to comply with any decisions that the Commission provides on these matters,<sup>1</sup> and
- b. develop a more comprehensive policy to identify and address potential conflicts of interest for all College employees.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 4a</b>	Agree	<b>Estimated Completion Date:</b>	November 2024
Please provide details of corrective action or explain disagreement.	SMCM has referred the potential violation to the State Ethics Commission (SEC). SMCM VP for Business/CFO will comply with any decision that the SEC provides on this matter.		
<b>Recommendation 4b</b>	Agree	<b>Estimated Completion Date:</b>	June 2025
Please provide details of corrective action or explain disagreement.	<p>SMCM will develop a comprehensive policy to identify and address potential conflicts of interest for all College employees. This policy will be reviewed and presented for Board of Trustee approval at the May 2025 meeting.</p> <p>Upon the recommendation by SEC, SMCM has implemented a Non-Participation Plan for the management employee's secondary employment with a vendor when a potential conflict of interest exists. The Plan requires the VP for Business/CFO to approve all potential procurements or related payments.</p>		

### Affiliated Entities

**Finding 5**  
 The College did not collect all required fees from the Commission. In addition, the College had no written agreement with and did not receive audited financial statements from the Boat Foundation, both of which are requirements in the College's *Policy on Affiliated Entities (Policy)*.

We recommend that the College

- a. consult with legal counsel to determine how to proceed regarding the aforementioned fees owed by the Commission,
- b. annually adjust the monthly fee paid by the Commission in accordance with the College's agreement with the Commission,
- c. ensure that the agreement with the Commission is updated on a timely basis for any significant changes, and
- d. enter into a written agreement with the Boat Foundation and obtain and review its audited financial statements as required by the College's *Policy*.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 5a</b>	Agree	<b>Estimated Completion Date:</b>	February 2025
Please provide details of corrective action or explain disagreement.	<p>SMCM VP for Business/CFO has consulted with legal counsel to determine how to proceed regarding the aforementioned fees owed by the Commission.</p> <p>One of the solutions discussed is merging the existing seven MOU's consolidated to one MOU with clear expectations from both parties.</p>		
<b>Recommendation 5b</b>	Agree	<b>Estimated Completion Date:</b>	March 2025
Please provide details of corrective action or explain disagreement.	SMCM will adjust annually the monthly fee paid by the Commission in accordance with the College's agreement with the Commission.		

<sup>1</sup> Referral of a matter to the Commission does not mean that a violation has taken place, and any final decision as to whether a violation occurred would ultimately be made by the Commission.

# St. Mary's College of Maryland

## Agency Response Form

<b>Recommendation 5c</b>	Agree	<b>Estimated Completion Date:</b>	March 2025
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM will ensure that the agreement with the Commission is updated, and any future changes updated on a timely basis.</p> <p>SMCM VP for Business/CFO and AVP of Finance, in conjunction with the HSMCC Executive Director and Chief Operating Officer, are in the process of updating the agreement to reflect changes from the existing agreement.</p>		
<b>Recommendation 5d</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM has entered into a written agreement with the Boat Foundation. This agreement will be reviewed and affirmed every five years or earlier at the request of either party as stated in the agreement. SMCM will ensure that the Boat Foundation's financial statements are audited in accordance to College policies, as required.</p> <p>SMCM VP for Business/CFO and AVP of Finance will obtain copies of the Boat Foundation's audited annual financial statements to include in the College's independent annual financial audit.</p>		

### Student Residency

**Finding 6**  
 The College did not use available output reports of residency changes made on its automated student accounts system to ensure that only authorized and supported changes were made.

We recommend that the College

- a. ensure that changes to student residency status are authorized and valid by verifying available output reports of all residency status changes posted to student accounts to supporting documentation (repeat), and
- b. obtain support for the aforementioned residency change and take any appropriate corrective action.

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 6a</b>	Agree	<b>Estimated Completion Date:</b>	November 2024
<b>Please provide details of corrective action or explain disagreement.</b>	<p>SMCM will ensure that changes to student residency status are authorized and valid by verifying available output reports for residency changes posted to student accounts with the supporting documentation.</p> <p>SMCM VP for Enrollment Management has established a residency committee to review error reports regarding inconsistencies between student addresses and residency status to ensure accuracy.</p>		
<b>Recommendation 6b</b>	Agree	<b>Estimated Completion Date:</b>	December 2024
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM agrees and the College will require supporting documentation for all residency change requests.		

### Cash Receipts

**Finding 7**  
 The College did not perform verifications of collections to deposit, did not always deposit collections in a timely manner, and did not segregate duties as required.

We recommend that the College

- a. ensure that an independent verification of recorded collections to deposit is performed and documented when deposits are made (repeat);
- b. deposit all collections in a timely manner (repeat);
- c. ensure employees with access to collections do not have the ability to adjust accounts receivable records; and
- d. ensure that all non-cash credits are subject to independent review and approval by, for example, establishing system generated output reports of non-cash credits processed for verification to valid supporting documentation (repeat).

# St. Mary's College of Maryland

## Agency Response Form

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 7a</b>	Agree	<b>Estimated Completion Date:</b>	January 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM will access the deposit account through online banking and print the transaction log to verify deposits within 48 hours after the bank receives the deposit from the armor truck. This process will be signed off on by the Assistant Comptroller/Director of Accounts Management. This process will be performed to provide independent verification of the recorded collections to deposits are performed and documented when deposits are made.		
<b>Recommendation 7b</b>	Agree	<b>Estimated Completion Date:</b>	April 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM has taken necessary steps to have collections deposited in a timely manner. The Assistant Comptroller/Director of Accounts Management has contacted the State Treasurer's office to assist us with getting more frequent armor truck deposit pick up. Additionally, with the implementation of the new ERP system, the College will investigate the compatibility of the remote check deposit system and implement this process if compatible.		
<b>Recommendation 7c</b>	Agree	<b>Estimated Completion Date:</b>	January 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM will ensure that employees with access to collections do not have the ability to adjust accounts receivable records. In the absence of the Cashier, collections will be either collected by an employee with no access to adjust accounts receivable records or put in the afterhours drop box to be received by the Cashier the following business day.		
<b>Recommendation 7d</b>	Agree	<b>Estimated Completion Date:</b>	June 2025
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM student accounts will review all non-cash credits submissions and process accordingly with review and signoff verification required by two independent staff members not associated with, or having access to, student accounts. SMCM is currently creating an output report in the new student ERP system for verification to validate supporting documents.		

### Student Accounts Receivable

<b>Finding 8</b>
The College did not prevent students with outstanding balances from registering for classes and did not refer delinquent student accounts to the State's Central Collection Unit (CCU) timely.

We recommend that the College

- a. implement a formal policy for establishing and releasing account holds that includes required justification and documentation, and
- b. ensure that delinquent accounts are referred to CCU, in accordance with CCU regulations as amended for the College.

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 8a</b>	Agree	<b>Estimated Completion Date:</b>	January 2024
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM implemented a formal policy for establishing and releasing account holds. This formal policy can be found on SMCM's website.		
<b>Recommendation 8b</b>	Agree	<b>Estimated Completion Date:</b>	March 2024
<b>Please provide details of corrective action or explain disagreement.</b>	SMCM will ensure that delinquent accounts are referred to CCU in accordance with CCU regulations as amended for the College.  SMCM Fiscal Administrator/Accounts Receivable receives a monthly report from the Assistant Comptroller/Director of Accounts Management for all delinquent accounts of graduated students. Any account that is 30, 60, or 90 days past due are sent a letter from the College's Office of Business and Finance and are provided an opportunity to set-up in-house payment plans. All accounts over 90 days past due are sent to CCU in accordance with the CCU regulations as amended for the College.		

# St. Mary's College of Maryland

## 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 9 and 10 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 the College's responses, have been redacted from this report copy, the College's responses indicated agreement with the findings and related recommendations.

**Finding 9**  
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

**Finding 10**  
Redacted cybersecurity-related finding.

Agency Response has been redacted by OLA.

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