

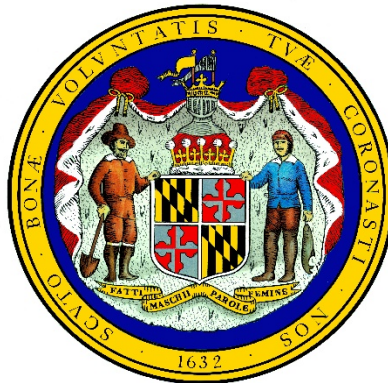
Audit Report

University System of Maryland University of Maryland Eastern Shore

September 2026

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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MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

September 28, 2026

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) – University of Maryland Eastern Shore (UMES) for the period beginning September 16, 2021 and ending November 30, 2025. UMES is a comprehensive public institution offering an array of baccalaureate programs in both traditional arts and sciences, and in applied professional fields, as well as select professionally oriented master's and doctoral programs.

Our audit disclosed that UMES circumvented competitive procurement, publication, and oversight requirements when it purchased heating, ventilation, and air conditioning (HVAC) equipment totaling \$1.3 million. Specifically, UMES used an existing contract for HVAC repair to purchase the equipment without a competitive procurement process and publication of the solicitation and award.

Our audit also disclosed that UMES did not ensure its food service vendor submitted the monthly sales commission as required by the contract. This condition was commented upon in our two preceding audit reports dating back to January 2019 but was not sufficiently corrected. During calendar years 2022 through 2025, the vendor reported food sales of approximately \$3.4 million with related commissions totaling \$688,000.

Our audit further noted that UMES used its Corporate Purchasing Travel Cards (CPTC) to purchase non-travel related goods and services, such as facility renovations, circumventing USM procurement requirements and did not pay certain CPTC invoices timely resulting in late payment fees totaling \$22,000.

Our audit further disclosed that UMES did not ensure that faculty responsible for grants submitted required conflict of interest statements and did not always request grant reimbursements timely. UMES also did not have a procedure to verify the accuracy of overtime rates on its automated system resulting in at least 9 employees being overpaid \$34,388 for overtime. For example, during the week ending November 1, 2025, one employee was paid an overtime hourly rate of \$596 rather than \$67 resulting in an overpayment of \$19,054 for 32 hours of overtime.

Furthermore, our audit disclosed a cybersecurity-related finding. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the finding 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(c), and using our professional judgment we have determined that the redacted finding falls under the referenced definition. The specifics of the cybersecurity finding were previously communicated to those parties responsible for acting on our recommendations.

UMES’ response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of UMES’ response related to the cybersecurity audit finding. In accordance with State law, we reviewed the response and noted agreement to our findings and related recommendations and will notify UMES of any needed clarification to ensure the responses sufficiently address the related findings.

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

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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Background Information

Agency Responsibilities

The University of Maryland Eastern Shore (UMES) is a comprehensive public institution of the University System of Maryland (USM) and operates under the jurisdiction of USM's Board of Regents. UMES offers an array of baccalaureate programs in both traditional arts and sciences, and in applied professional fields, as well as select professionally oriented master's and doctoral programs. Student enrollment for the fall 2025 semester totaled 3,361, including 2,682 undergraduate students and 679 graduate students.

The UMES budget is funded by unrestricted revenues, such as tuition and fees and a State General Fund appropriation, and restricted revenues, such as federal grants and contracts. According to the State's accounting records, UMES' revenues for fiscal year 2025 totaled approximately \$195 million (see Figure 1), which included a State General Fund appropriation of approximately \$69.9 million. During the period from June 30, 2022 through June 30, 2025, UMES had vacancy rates that ranged from 13.8 percent to 19.3 percent. As of June 30, 2025, 13.8 percent of the total 840 positions were vacant. These vacancies may have contributed, at least in part, to the findings in this report.

Figure 1
UMES Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2025	
	Positions
Filled	724
Vacant	116
Total	840
Fiscal Year 2025 Expenditures	
	Expenditures
Salaries, Wages, and Fringe Benefits	\$108,727,678
Technical and Special Fees	760,749
Operating Expenses	85,491,639
Total	\$194,980,066
Fiscal Year 2025 Funding Sources	
	Funding
<u>Unrestricted</u>	
General Fund	\$ 69,944,949
Tuition and Fees	30,745,019
Other University Revenues ¹	48,305,617
	148,995,585
<u>Restricted</u>	
Federal Grants and Contracts	34,263,377
Other Gifts, Grants, and Contracts	11,721,104
	45,984,481
Total	\$194,980,066

Source: State and UMES financial records and UMES personnel records

¹ Includes revenue from Auxiliary Services (\$26.7 million), Historically Black Colleges and Universities Settlement (\$9.0 million), and from the Higher Education Investment Fund (\$4.5 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 December 15, 2022. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	Finding Description	Implementation Status
Finding 1	UMES did not adequately monitor its food service vendor to ensure required facility upgrades, investments, and commissions were received.	Repeated (Current Finding 2)
Finding 2	UMES had not established sufficient controls over student residency determinations and subsequent changes, and certain non-cash credits recorded in student accounts.	Not Repeated
Finding 3	UMES did not adequately control and account for mail collections, and did not ensure electronic collections were properly deposited into the State's bank account.	Not Repeated
Finding 4	Redacted cybersecurity-related finding. ²	Status Redacted ²
Finding 5	Redacted cybersecurity-related finding. ²	Status Redacted ²
Finding 6	Redacted cybersecurity-related finding. ²	Status Redacted ²

² The finding description as well as the implementation 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

Procurements and Disbursements

Finding 1

The University of Maryland Eastern Shore (UMES) circumvented competitive procurement and publication requirements when it purchased heating, ventilation, and air conditioning (HVAC) equipment totaling \$1.3 million.

Analysis

UMES circumvented competitive procurement and publication requirements when it purchased HVAC equipment totaling approximately \$1.3 million. Our test of 15 payments³ from fiscal years 2023 to 2026 totaling \$7.7 million, disclosed that one payment totaling \$736,000 for the purchase of HVAC equipment was not included within the scope of the related contract. Specifically, UMES used an existing contract for HVAC repair to purchase the equipment without a competitive procurement process and publication of the solicitation and award. According to UMES records, the vendor was paid an additional \$550,000 (for a total of approximately \$1.3 million) for HVAC equipment during the period from February 2024 to September 2024.

As a result, there is a lack of assurance that UMES obtained the most favorable pricing for the equipment. University System of Maryland's (USM) *Procurement Policies and Procedures* requires formal solicitation and competition for procurements greater than \$200,000 as well as publishing the solicitation and award, such as on *eMaryland Marketplace Advantage*.

Recommendation 1

We recommend that UMES ensure all procurements adhere to USM policy including competitive bidding and publication requirements.

Finding 2

UMES did not adequately monitor its food service vendor to ensure proper commissions were received.

Analysis

UMES did not ensure its food service vendor submitted the monthly sales commission (20 percent of food sales) as required by the contract. During

³ Test items were selected based on materiality.

calendar years 2022 through 2025, the vendor reported food sales of approximately \$3,442,000 with related commissions totaling \$688,000. Our review disclosed that UMES only verified commissions for July 2022 through November 2023 and January 2025 through May 2025, which accounted for commissions totaling \$332,000. Our test of commissions received for the period of December 2024 through November 2025 did not identify any discrepancies in the amounts remitted.

A similar condition was commented upon in our two preceding audit reports dating back to January 2019. In its response to our prior report, UMES stated that by August 31, 2022, it would verify food service sales to ensure the proper commission is remitted. UMES was unable to explain why the corrective action was not implemented.

Recommendation 2

We recommend that UMES verify reported food service sales and ensure that the proper commissions are remitted (repeat).

Corporate Purchasing Travel Cards

Finding 3

UMES used its Corporate Purchasing Travel Cards (CPTC) to purchase non-travel related goods and services circumventing USM procurement requirements and did not pay certain CPTC invoices timely resulting in late payment fees totaling \$22,000.

Analysis

UMES used its CPTCs to purchase non-travel related goods and services circumventing USM procurement requirements and did not pay certain CPTC invoices timely. According to State records, CPTC charges during the period from July 2023 through December 2025 totaled approximately \$5.8 million.

Our test of 13 CPTC charges totaling \$276,000⁴ made during the period from July 2024 through November 2025 disclosed 9 charges totaling \$234,000 that were for non-travel related purchases such as facility renovations and homecoming activities. These purchases were made at the direction of a management employee which we were advised was done to expedite the procurement process. The use of the CPTC for these purchases violated UMES Travel Procedures

⁴ Test items were selected based on the purchase category and whether it appeared to be travel-related.

which limits the use of CPTCs to legitimate travel expenses. In addition, the use of the card circumvented USM purchase approval requirements and in one instance circumvented competitive procurement and publication requirements.

Furthermore, UMES did not pay CPTC invoices timely. Specifically, during the period from July 2023 through January 2025 UMES paid late payment fees totaling \$22,000 on six invoices that were not paid timely. We were advised by UMES management that the delays in paying these invoices were primarily due to the implementation of its new financial system.

Recommendation 3

We recommend that UMES

- a. comply with UMES CPTC policy and only use CPTC for travel-related expenditures, and**
- b. ensure that CPTC invoices are paid timely to avoid late fees.**

Research Grants and Contracts

Finding 4

UMES did not ensure that faculty responsible for research grants submitted required conflict of interest (COI) statements and did not always request grant reimbursements timely.

Analysis

UMES did not ensure that faculty responsible for research grants submitted the required COI statements and did not always request grant reimbursements timely. According to UMES' records, there were 214 open research grants and agreements as of January 2026 with awards totaling approximately \$116 million.

- Our test of 11 awards⁵ from fiscal years 2023, 2025 and 2026 totaling \$15.1 million disclosed that the required COI statement was not completed for 3 awards totaling \$6.2 million. Faculty responsible for research projects funded by these grants will often collaborate with individuals and/or entities with whom the faculty has a relationship, which may be considered a conflict of interest. UMES' *Policy on Conflict of Interest and Conflict of Commitment in Research* requires faculty to complete a COI statement prior to submission of any proposal for research grant activity. Subsequent to our inquiries, UMES obtained the three COI statements which did not report any conflicts.

⁵ Test items were selected based on the materiality of the awards.

- Our test of five awards during fiscal years 2025 and 2026 totaling \$5.5 million⁶ disclosed that UMES did not invoice or drawdown funds timely. For example, for three of these awards, UMES did not invoice the grantors a total of \$925,000 until we inquired about the billings, 93 to 277 days after the funds could have been requested. The grant agreements provide that reimbursements can be submitted after certain milestones, such as grant execution, either through invoicing the grantor or drawing down the funds directly from the grantor.

Recommendation 4

We recommend that UMES ensure

- COI statements are submitted as required by its policy, and**
- grant reimbursements are recovered timely.**

Payroll

Finding 5

UMES did not verify the propriety of overtime rates on its automated system resulting in at least 9 employees being overpaid at least \$34,388.

Analysis

UMES did not verify the propriety of overtime rates on its automated system resulting in at least 9 employees being overpaid at least \$34,388. UMES started using an automated system maintained by the University of Maryland, College Park (UMCP) in November 2024. UMES was responsible for entering employee timesheets into the system and verifying the accuracy of payroll rates and calculations, including overtime which totaled approximately \$1.1 million during calendar year 2025. Our review disclosed that UMES did not have a procedure to verify the accuracy of overtime rates on the system resulting in certain errors going undetected.

Specifically, our test of overtime payments⁷ totaling \$52,388 to 11 employees during fiscal years 2025 and 2026 disclosed that payments to 9 employees included overpayments totaling \$34,388 because the hourly rates used were improper. For example, for the week ending November 1, 2025 one employee was paid an overtime hourly rate of \$596 rather than \$67 resulting in an overpayment of \$19,054 for 36 hours of overtime. UMES was not aware of these errors until we brought the matter to their attention.

⁶ Test items were selected based on the materiality of the awards.

⁷ Test items selected based on the materiality of the overtime payments and rates.

In response to our inquiry, UMES contacted UMCP in February 2026 to discuss the incorrect rates. UMCP advised UMES that it became aware of the issue (which also impacted other USM institutions) in January 2026 but did not investigate the issue to determine the cause and extent of the overpayments until April 2026.⁸ The investigation concluded that the system was not configured correctly which resulted in UMES making \$40,300 in overpayments and \$880 in underpayments to a total of 240 UMES employees. We were advised by UMES that it intends on processing payroll adjustments for any improper payments.

Recommendation 5

We recommend that UMES

- a. ensure overtime calculations are reviewed prior to payment to ensure propriety, and**
- b. in conjunction with UMCP ensure that all overpayments and underpayments are corrected.**

Information Systems Security and Control

We determined that the Information Systems Security and Control section, including Finding 6 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore is 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 finding, including the analysis, related recommendations, along with UMES’ responses, have been redacted from this report copy.

Finding 6

Redacted cybersecurity-related finding.

⁸ Per UMCP personnel, the overpayments impacted other units using this system, but we were only provided with the investigation for UMES.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the University System of Maryland (USM) - University of Maryland Eastern Shore (UMES) for the period beginning September 16, 2021 and ending November 30, 2025. 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 UMES' 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, student financial aid, payroll, corporate purchasing cards, sponsored programs, 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 UMES by the USM Office, such as bond financing, and by the University System of Maryland, College Park (UMCP), such as processing vendor payment transmittals and payroll, 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 assistance programs and an assessment of UMES' 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 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 September 16, 2021 to November 30, 2025, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of UMES' 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 UMES' 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.

UMES' 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 UMES, 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 UMES' 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, and regulations. Other less significant findings were communicated to UMES 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(c), 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 a certain finding in this report falls under that definition. Consequently, for the publicly available audit report all specifics as to the nature of this cybersecurity finding 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 the cybersecurity finding have been communicated to UMES and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from USM Office, on behalf of UMES, 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.

OFFICE OF ADMINISTRATION AND FINANCE

September 25, 2026

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 – University of Maryland Eastern Shore
Period of Audit: September 16, 2021 through November 30, 2025

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 – University of Maryland Eastern Shore. Our comments refer to the individual items in the report.

Sincerely,



Colleen Auburger
Interim Chief Financial Officer

Enclosures

cc: Dr. Heidi Anderson, President, UMES
Ms. Linda R. Gooden, Chair, Board of Regents, USM
Mr. Charles T. McMillen, Chair, Board of Regents Committee on Audit, USM
Dr. Jocelyn Elliott, Acting Internal Auditor and Director of Risk Management, UMES
Dr. Jay A. Perman, Chancellor, University System of Maryland
Ms. Celeste Denson, Associate Vice Chancellor for Financial Affairs, USM Office
Ms. Jessica Clark, Interim Vice Chancellor, Internal Audit and Accountability, USM Office
Mr. Michael C. Eismeier, Associate Vice Chancellor and CIO, USM Office

**University System of Maryland
University of Maryland Eastern Shore**

Agency Response Form

Procurements and Disbursements

Finding 1

The University of Maryland Eastern Shore (UMES) circumvented competitive procurement and publication requirements when it purchased heating, ventilation, and air conditioning (HVAC) equipment totaling \$1.3 million.

We recommend that UMES ensure all procurements adhere to USM policy including competitive bidding and publication requirements.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 1	Agree	Estimated Completion Date:	March 2027
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. UMES Procurement Department has internal policies and procedures consistent with USM Procurement Policies and the Chancellor's Directive issued in March 2025. The Procurement Department has enhanced its review by incorporating additional best practices to ensure competitive and reasonable pricing and that procurement documentation clearly supports the goods and services that are being acquired. The procurement in question was completed in accordance with USM Policy at the time; however, we acknowledge documentation could be improved. We are in the process of reviewing the structure of the Procurement Office to determine how to enhance formal review and documentation of procurement documents with limited staff.		

**University System of Maryland
University of Maryland Eastern Shore**

Agency Response Form

Finding 2

UMES did not adequately monitor its food service vendor to ensure proper commissions were received.

We recommend that UMES verify reported food service sales and ensure that the proper commissions are remitted (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 2	Agree	Estimated Completion Date:	November 2025
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. The reconciliation process was implemented in September 2025 and is performed by the Auxiliary Accountant (AA). Upon receipt of the food service vendor's period/monthly summary and calculated commission check, the check is immediately forwarded to the Auxiliary Cashier for receipt. The AA reconciles the vendor's summary to period reports from the One Card system, verifying that all invoices are included, and documents any discrepancies, which are communicated to the vendor and the Director of Auxiliary. After the reconciliation is completed, the Director of Auxiliary reviews, signs, and dates the reconciliation to indicate approval. The AA also updates the vendor's summary sheet with the applicable period, amount, date the check was received, and the internal accounting system receipt number.		

**University System of Maryland
University of Maryland Eastern Shore**

Agency Response Form

Corporate Purchasing Travel Cards

Finding 3

UMES used its Corporate Purchasing Travel Cards (CPTC) to purchase non-travel related goods and services circumventing USM procurement requirements and did not pay certain CPTC invoices timely resulting in late payment fees totaling \$22,000.

We recommend that UMES

- a. comply with UMES CPTC policy and only use CPTC for travel-related expenditures, and**
- b. ensure that CPTC invoices are paid timely to avoid late fees.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 3a	Agree	Estimated Completion Date:	October 2026
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. During the audit period, certain non-travel purchases were processed using the Corporate Purchasing Travel Card (CPTC) to expedite procurement as requested by Administration due to the nature and timing of purchase. UMES recognizes that this practice was inconsistent with University policy governing CPTC use and did not align with applicable USM procurement requirements. Corrective actions have been implemented to ensure the CPTC is used for authorized travel-related expenditures. The University is in the process of reinforcing cardholders and approver responsibilities, communicating allowable uses of the CPTC to all cardholders, and providing updated policies and procedures of the card usage.		
Recommendation 3b	Agree	Estimated Completion Date:	October 2026
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. UMES acknowledges that delays in processing certain CPTC invoices resulted in late payment fees. The delays primarily occurred during the implementation and transition to the University's new financial system, as staff worked through the learning curve associated with the new invoice processing and payment		

University System of Maryland
University of Maryland Eastern Shore

Agency Response Form

	procedures. Since that time, Our Administration and Finance Accountant has strengthened invoice tracking and payment processes and is working diligently to help ensure CPTC invoices are processed and paid by their due dates, thereby avoiding future late payment fees. Beginning in November 2024, CPTC invoices have been processed and paid through the accounting system. During the initial implementation of new accounting system, late fees were incurred due to the lack of knowledge of how we were to remit the payment. Since then, the team has established and consistently followed the appropriate Ad Hoc payment process for CPTC invoices, ensuring payments are processed in a timely manner and preventing further delays.
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**University System of Maryland
University of Maryland Eastern Shore**

Agency Response Form

Research Grants and Contracts

Finding 4

UMES did not ensure that faculty responsible for research grants submitted required conflict of interest (COI) statements and did not always request grant reimbursements timely.

We recommend that UMES ensure

- a. COI statements are submitted as required by its policy, and**
- b. grant reimbursements are recovered timely.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 4a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	The University provided the requested information and supporting documentation for each of the identified awards. Additionally, in response to the Office of Legislative Audit's request, we obtained and submitted the three outstanding COI disclosure forms. All three disclosures were completed and confirmed that no conflicts of interest existed for the individuals identified. Moving forward, the University will ensure all COI forms are received in a timely manner. UMES will be collecting annual disclosures with the establishment of a new grant submission process. The Office of Sponsored Research will maintain a shared folder for all disclosures. No new grant accounts will be established unless a COI is on file for the Principal Investigator (PI).		
Recommendation 4b	Agree	Estimated Completion Date:	June 2027
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. The delays in billing/invoicing and drawing down grant funds were primarily attributable to the implementation of the University's new financial system, which required staff to adapt to new grant billing and reimbursement processes, as well as insufficient grant accounting training. These factors contributed to delays in submitting reimbursement requests for certain awards.		

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	This remains an ongoing issue; however, UMES will work closely with the University of Maryland, College Park (UMCP), and external consultants to learn more about the system and process issues contributing to these delays. In addition, UMES is implementing procedures to improve the timeliness of grant invoicing and drawdowns. These actions include strengthening the monitoring of grant milestones and reimbursement deadlines; clarifying the roles and responsibilities of Principal Investigators and providing them with training; reinforcing staff responsibilities for billing and drawdown activities; providing training on applicable grant requirements; and enhancing grant accountant training on the use of the new financial system and its reporting capabilities. The Comptroller will continue to monitor compliance with grant requirements and the effectiveness of these corrective actions to help ensure reimbursement requests are submitted timely and in accordance with grant agreements by June 2027.
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Payroll

Finding 5

UMES did not verify the propriety of overtime rates on its automated system resulting in at least 9 employees being overpaid at least \$34,388.

We recommend that UMES

- a. ensure overtime calculations are reviewed prior to payment to ensure propriety, and**
- b. in conjunction with UMCP ensure that all overpayments and underpayments are corrected.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.			
Recommendation 5a	Agree	Estimated Completion Date:	November 2027
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. The Associate Director is tasked with reviewing the processes of the Payroll Manager to ensure that the reports are being reviewed on a bi-weekly basis during the payroll update process. Managers and supervisors will be offered additional training as well as updates via email reminding them of the importance of pre-authorizing overtime before it is approved on timesheets. The HR department has implemented corrective actions to strengthen internal controls over overtime payments by requiring supervisory review and verification of overtime calculations prior to payment. Supervisors must ensure that overtime hours recorded on employee timesheets exactly match the approved Overtime Authorization Forms before approving payroll. In addition, all Overtime Authorization Forms must receive supervisory approval and be submitted to the Office of Human Resources for audit verification. These enhanced review procedures are intended to ensure the accuracy of overtime calculations and prevent similar errors from occurring in the future. The implementation for reviewing the overtime payment form against the timesheet will begin on October 1, 2026, as we are advertising for new staff and hope to have them onboard by that date.		

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Recommendation 5b	Agree	Estimated Completion Date:	June 2027
Please provide details of corrective action or explain disagreement.	UMES agrees with this finding. As to the overpayments, per approval from the Vice President of Administration and Finance, any employee who had been overpaid above the \$250 threshold would repay those funds. These funds will be recovered via payroll deductions utilizing the accounting system. The repayment of unearned overtime will be completed by June 2027.		

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Information Systems Security and Control

The Office of Legislative Audits (OLA) has determined that the Information Systems Security and Control section, including Finding 6 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland, and therefore is 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 finding, including the analysis, related recommendations, along with UMES’ responses, have been redacted from this report copy, UMES’ responses indicated agreement with the findings and related recommendations.

Finding 6 Redacted cybersecurity-related finding.
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Agency Response has been redacted by OLA.

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