

State Audit Report Reveals: \$200K Difference, Recurring Discrepancies

By IBRAHIM DABO
Staff Writer

Three consecutive state audit reports—2001, 2005 and 2008—found a \$200,000 discrepancy between the University of Baltimore's records and the state of Maryland's records. In July, Maryland's Office of Legislative Audits reported that UB's actual cash balance registered almost \$10.7 million, whereas UB's records showed roughly \$10.5 million. UB's Office of the Comptroller cited the difference as "a reconciliation."

"When we're talking of this \$200,000 difference, it's not that anything is missing. It's more a difference in classification; just as we have \$200,000 less there, we have \$200,000 [more] somewhere else, or within two or three different categories," said Abu Kamal, UB's comptroller.

"Basically, what [the state was] talking about is the difference between 'accounts receivable' and 'cash balance,'" he said. "As we pointed out in our response to the legislative audit, in total, we had no differences between the two systems. So, transactions were not missing."

The state report, which includes the period from June 18, 2004 to Aug. 31, 2007, states, "UB could not provide us with documentation to support these assertions. A similar situation has been commented upon in our two preceding audit reports."

Kamal added that UB's and the state's accounting systems are different, which contributed to the problem.

The state of Maryland's accounting system is R*STARS (Relational Statewide Accounting and Reporting System), where all state agencies, including University System of Maryland institutions, must record their transactions.

"UB uses PeopleSoft for its internal use, but has to reflect all transactions at a summary level in R*STARS," Kamal said. "Since the state issues all our vendor and payroll checks and keeps all our funds in the state bank accounts, we have to make sure that all transactions are posted in R*STARS."

"The way the system works is transactions in the UB PeopleSoft

system are interfaced into the state's system. It summarizes the transactions because R*STARS does not keep the level of detail that UB does," he said. "Evidently, something that went to the state didn't go into the right class but in the wrong class, but all the transactions went."

He added, "We have never had any issues with expense or revenues."

UB has identified the differences and, Kamal said, "Right now, if you actually look at our reconciliation at the end of the year on June 30, 2008, we had no differences."

This problem has long history, but the current administration has pledged to proceed with steps to resolve it. The comptroller's office plans to implement measures to prevent the reoccurrence of a prolonged records-reconciliation problem. They are doing a line-by-line analysis to help officials better understand how UB's and the state's systems collaborate.

"We are looking at every transaction—950 lines of transactions. We are looking through each one of them and saying, 'This is where it went in PeopleSoft, and where will it go to R*STARS?'" Kamal said.

The analysis should be complete by January, and UB will look into the interface between the two systems to see what needs to be changed. However, all differences need to be addressed first.

"You will always have a difference between the two systems. The question is 'Can we explain the differences?' Our challenge is to make sure we can say, 'This happened in PeopleSoft in September, but it happened in R*STARS in October,'" Kamal said. "I'm not looking for a system that is without differences. I would worry if we didn't have any differences."

"What we're looking for is to be able to explain the differences, like timing errors or a data-entry error."

In the 2008 audit report, 10 additional deficiencies were reported. (See list to right.) UB's Office of the Comptroller noted that these are not financial issues, but issues for the university as a whole.

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2008 Audit Report Deficiencies

The list below shows the state's findings that they "consider to be significant deficiencies in the design or operation of internal control that could adversely affect UB's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules and regulations," as stated in the audit report. Each finding included a recommendation for correction and future adherence.

UB has already made or is in the process of making the state's recommended changes over the next few months.

Finding 1*: UB did not properly reconcile its accounting records with the related records of the state comptroller. (Reported in article to left.)

Note: UB will complete a line-by-line analysis by Jan. 31.

Finding 2*: UB did not adequately monitor computer-user access capabilities and, as a result, numerous individuals unnecessarily had the ability to process critical transactions, such as changing a student's residency status and modifying employee pay rates.

Note: UB will run a comprehensive access listing quarterly, starting Jan. 1, after the PeopleSoft upgrade is complete.

Finding 3*: UB did not always adequately pursue collection of outstanding student account balances and student accounts-receivable records were not always accurately maintained.

Finding 4: Internal controls over student residency status determinations were not adequate, and residency status determinations were not adequately supported as required by the University System of Maryland policy.

Finding 5: Independent verifications were not performed of the propriety of financial aid awards posted to student accounts, and student refund checks were not adequately secured.

Finding 6: Changes to student grades recorded in the automated system were not always properly authorized as required, and independent verifications of recorded grade changes were not always documented.

Finding 7: UB's internal network was not adequately secured by its firewall, which was also not properly administrated and monitored.

Finding 8: Certain critical operational aspects of UB's financial, student-administration and human-resource applications were not sufficiently controlled.

Finding 9: Database access control and monitoring, reporting, and reviewing critical security events were not adequate.

Finding 10: Payments for contractual services were not always made in accordance with the related agreements, resulting in overpayments of \$23,200, and were not always adequately supported.

Finding 11: Checks received in the mail by the Bursar's Office were not restrictively endorsed "for deposit only" immediately upon receipt; collections were kept in an unlocked box accessible by all office employees prior to the collections being processed by a cashier. UB did not always deposit collections timely.

* Recurring deficiencies from previous audits

The full report is available at www.ola.state.md.us/Reports/Fiscal%20Compliance/.

Source: State of Maryland's Office Of Legislative Audits 2008 Report on UB

Compiled by Nedra Cruz

Bogomolny Promises Modern, Bigger, Greener Campus

By DAN FLANAGAN
Editor-in-Chief

The 2008 University of Baltimore convocation focused on UB's adherence to its Strategic Plan and focusing on its growing enrollment and improved campus, while also giving mention to the heavily discussed parking matter.

President Robert L. Bogomolny recalled the 2003 convocation where he envisioned an enrollment total of 6,000 students. The current head count, he announced, is 5,875, with 4,085 full-time students—"the highest in the university's history."

Keeping pace with the growing enrollment are 17 new faculty members—a 10 percent annual increase—as well as an additional 70,000 square feet of academic space in the new Liberal Arts and Policy building, due to open this semester.

The design competition for the new John and Frances Angelos Law Center was also mentioned, promising to "provide the Law School with the space they deserve."

"Because of the prominence of the new building's location and because of the international interest this project has attracted that all but guarantees a signature, iconic structure, it will soon be impossible to pass through midtown Baltimore without noticing the University of Baltimore."

Addressing UB's focus on environmental sustainability, he said, "We are in final negotiations to secure an Energy Performance Contract that will result in a 30 percent reduction in [campus energy] consumption by 2010, exceeding the governor's Empower Maryland goal of 15 percent reduction by 2015."

Savings from the contract will finance \$7 million in green building technologies at UB, he said.

Bogomolny pointed out an "impressive accomplishment: a fundraising total of more than \$10 million, breaking the institutional record by almost 50 percent and more than tripling the previous year's amount."

He also announced a 70 percent retention rate in the First- and Second-Year Program, adding that the Class of 2011 furnished five members of the Undergraduate Student Senate, four members of the Student Events Board, and the new editor-in-chief of *The UB Post*.

Alluding to the parking situation, Bogomolny said, "I appreciate the patience of everyone in the community as we deal with this complex transition period...we are already looking for the next opportunity to acquire additional spaces."

To conclude, Bogomolny emphasized three major components of UB's Strategic Plan. "The first is to enhance the learning and teaching environment, the second is to grow enrollment in response to the state and regional needs, and the third is to create a modern, welcoming and sustainable campus."

With a new building under construction, a growing student body and plans to add grass to the plaza, UB seems poised to follow through on these goals—but only time will tell how the university will go about meeting its challenges.

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2008 Service Awards



Courtesy of University of Baltimore
Mary Pakulski, business service specialist in the Business School Office of the Dean



Photo by Amanda Rodrigues Smith | The UB Post
John Lynch, professor of law

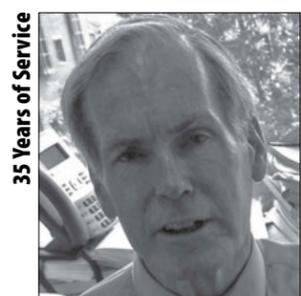


Photo by Amanda Rodrigues Smith | The UB Post
Charles Rees, professor of law



Photo by Amanda Rodrigues Smith | The UB Post
Byron Warnken, associate professor of law and director of the judicial internship program

25 Years of Service

Hossein Arsham, professor of operations research
Jonathan Shorr, Ph.D., associate professor in and executive director and division chair of the School of Communications Design
Jaya Singhal, Ph.D., professor of operations research
Kalyanmal Singhal, professor of management

20 Years of Service

Irvin Brown, College of Liberal Arts associate dean
Robert Butler, mail processor in Mail Services
Karen DeVore, business services specialist in the Law School Office of Finance and Administration
Gina Harris, circulation librarian in the Law Library
Don Haynes, Ph.D., associate professor in the School of Public Affairs
Michael Higginbotham, professor of law
Steven Isberg, Ph.D., associate professor of finance
Leslie Metzger, director of student

support in the Law School Office of Academic Affairs
Jane Murphy, professor of law and associate dean for Law School Academic Affairs
Glenyon Queen, housekeeping supervisor
W. Alan Randolph, Ph.D., professor of management and global business
Cindy Tannebaum, administrative assistant in the department of accounting and management information systems
Tammy Taylor, Langsdale Library circulation supervisor
Jacquelyn Truelove, director of Disability Support Services
Gary Watkins, Mail Services supervisor
Janet Whelan, acting director of the Office of Financial Aid
Betsy Yarrison, Ph.D., assistant professor in the School of Communications Design and director of the interdisciplinary studies program

More awards online

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