



Meeting Announcement

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

October 26, 2023

1. [Information and Discussion – FY 2024 Audit Committee Work Plan](#) Mr. Mosca
 2. [Information and Discussion – Review of BOR Charge Policies](#) Mr. Mosca
 - Committee on Audit Charter
 - Committee on Audit Bylaws
 3. [Information and Discussion – FY 2023 System Wide Financials, Balance Sheet and Statement of Changes \(affiliated foundations are not included\)](#) Ms. Denson
 4. [Information and Discussion – Completed Office of Legislative Audit Activity](#) Mr. Mosca
 5. [Information and Discussion – Review Presidents, Chancellor and Board of Regents CY 2022 Annual Financial Disclosure Compliance with §12-104\(p\)](#) Mr. Mosca
 6. [Information and Discussion – Open Action Items from Prior Meetings](#) Mr. Mosca
 7. [Approval – Convene to Closed Session](#) Mr. Pope
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OFFICE OF INTERNAL AUDIT

MEMORANDUM

TO: Members of the Audit Committee

Mr. Louise Pope (chair)
Mr. Tom McMillen (vice chair)
Mr. Kevin Atticks
Ms. Linda Gooden (*ex officio*)
Mr. Robert Hur
Mr. Yehuda Neuberger
Mr. Bill Wood

FROM: David Mosca – Vice Chancellor for Accountability

DATE: October 19, 2023

RE: USM BOR Audit Committee Meeting – October 26, 2023

The Audit Committee of the USM Board of Regents will convene at 10:00 a.m. on Thursday, October 26, 2023. The meeting will take place via Zoom for members of the Committee and USM staff. Zoom details have been provided to committee members via a calendar invitation. Public listen-only access is available by calling 443-353-0686, Conference ID number 807 159 234.

The agendas are attached and supporting materials will be posted on Diligent and the USM website:
<https://www.usmd.edu/regents/agendas/>.

cc: Dr. Jay A. Perman Mr. Michael Eismeier Ms. Denise Wilkerson
Ms. Katherine Bainbridge Ms. Ellen Herbst Dr. Alison Wrynn
Ms. Christina Bowman (CLA) Ms. Elena Langrill
Ms. Celeste Denson Ms. Ann Sheridan

TOPIC: Information & Discussion – FY 2024 Audit Committee Work Plan

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

Attached is a schedule of the Audit Committee’s FY 2024 work plan. The objectives of the work plan are designed to assist the Audit Committee in fulfilling the requirements of its Charter and Bylaws. The schedule also identifies which objectives will be addressed at each of the four Audit Committee meetings scheduled throughout the year.

As new risks emerge, additions or modifications to the work plan will be made as needed.

Attachment

FISCAL IMPACT: none

CHANCELLOR’S RECOMMENDATION: none

COMMITTEE ACTION: None DATE:

BOARD ACTION: None DATE:

SUBMITTED BY: David Mosca

**USM BOR Audit Committee
Annual Work Plan
FY 2024**

Objective		When Performed					Completed
		Audit Committee Meetings					
		Oct	Dec	Mar	June	As Needed	
Authority							
1	The Committee, with the approval of the Board, is empowered to retain outside counsel or persons having special competence as necessary to assist the Committee in fulfilling its responsibility.					x	
2	Resolve any disagreements between the independent auditor and management.					x	
Composition of Committee Members							
3	The Audit Committee shall comprise not less than 5 or more than 7 members. The majority of the members must be knowledgeable about financial matters.	x					
Meetings							
4	Meet at least 4 times per year.	x	x	x	x		
Responsibilities							
Internal Audit							
5	Review with the Director of Internal Audit progress of completing the annual plan of activity.	x	x	x	x		
6	Review and approve internal audit's annual plan of activity.		x				
7	Ensure that there are no unjustified restrictions or limitations on the internal audit department.	x	x	x	x		
8	Review the effectiveness of the internal audit function.				x		
9	Meet separately with the Director of Internal Audit to discuss any matters that the committee or the Director of Internal Audit believes should be discussed privately.	x	x	x	x		
Independent Auditor							
10	Review the external auditors' proposed audit scope and approach.				x		
11	Review significant accounting and reporting issues and understand their impact on the financial statements.		x				
12	Review with management and the external auditors the results of the audit, including any difficulties encountered.		x				
13	Discuss the annual audited financial statements with management and the external auditors.		x				
14	Review and discuss the results of enrolment testing agreed upon procedures.				x		
15	Review and discuss the results of Single Audit.	x					
16	Discuss the scope of external auditors' review of internal control over financial reporting.		x				

**USM BOR Audit Committee
Annual Work Plan
FY 2024**

Objective	When Performed Audit Committee Meetings					Completed	
	Oct	Dec	Mar	June	As Needed		
17	Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.					x	
18	Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.	x	x	x	x		
	Financial Reporting						
19	Review FYE Consolidated Financial Statements	x	x				
20	Review FYE Financial Dashboard Indicators		x				
21	Review 12/31/23 six month Financial Statements			x			
	Other						
22	Regularly report to the Board of Regents about Committee activities.	x	x	x	x		
23	Confirm annually that all responsibilities outlined in the committee's charter have been carried out.				x		
24	Discuss with the Attorney General or representative, the status of legal matters that may have a significant impact on USM institution's financial statements.	x	x	x	x		
25	Review legislative audits of the institutions of the University System and institutional responses thereto, and provide the Board with appropriate reports.	x	x	x	x		
26	Review policies pertaining to Audit Committee	x	x	x	x		
27	Monitor the Board's observance of the State Ethics Code as it pertains to possible conflict of interest with matters of the University System of Maryland					x	
28	Update Regarding ERM and Crisis Management		x		x	x	
29	Receive updates of Cybersecurity environment and emerging risks.	x	x	x	x	x	
30	Review Presidents, Chancellor and Board of Regents annual financial disclosure forms. This is to comply with Md. Education Code Ann. §12-104(p).	x			x		
31	Review analysis of Office of Legislative Audit Findings				x		

TOPIC: Review of Board of Regent Policies

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

SUMMARY:

Attached are BOR Policies/Bylaws that pertain to the Board of Regents (BOR) Committee on Audit's charge. These are:

1. Committee on Audit Charter (Attachment A). Last revised November 13, 2020. No modifications are currently recommended.
2. The Board of Regents Bylaws Section 3. Last revised November 22, 2019. Committee on Audit (Attachment B). No modifications are currently recommended.

Procedures for Review of USM BOR Bylaws and Policy

BYLAWS:

1. The Committee on Organization and Compensation should review BOR bylaws on a 4-year cycle.
2. **Each BOR committee should conduct an annual review of their committee charge at the beginning of each fiscal year.**

BOR POLICIES:

1. All BOR policies should be reviewed on a 4-year cycle.
2. Each policy should be assigned to a BOR committee(s); assigned policies should be relevant to the committee's mission.
3. USM staff will assist BOR committees in developing a detailed 4-year policy review schedule that considers policies that are high priority and identifies policies that are primarily technical or administrative in nature or dictated by external requirements. (Attachment C).
4. Policy reviews should include an update of policies, as needed, as well as the elimination of unneeded policies and/or merger of policies.
5. Policies may be reviewed out of cycle if problems arise with the policy implementation or to implement best practices.
6. Each BOR committee should report annually at the end of each fiscal year to the BOR on the policies reviewed during the past 12 months.

attachments

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION:

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

Attachment A _ BOR Audit Committee Charter_10-26-2023

**University System of Maryland
Board of Regents Audit Committee
Audit Committee Charter
Established June 2006 and Last Revised – November 13, 2020**

PURPOSE

To assist the Board of Regents in fulfilling its responsibilities for overseeing the adequacy of and compliance with the internal controls, BOR Policies, risk management practices, investigative activity, governance processes, and to oversee the sufficiency and appropriateness of the financial reporting of the University System of Maryland.

AUTHORITY

The Audit Committee (Committee) is granted the authority to investigate any activity of the USM, and all employees are directed to cooperate as requested by the Committee Chair or Committee of the Whole. The Committee, with the approval of the Board, is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility. It is empowered to:

- Appoint, compensate and oversee the work of the Director of Internal Audit and the public accounting firm employed by the organization to conduct the annual audit. This firm and the Director of Internal Audit will report directly to the Audit Committee.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Retain independent accountants or other qualified professionals to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties.
- Meet with USM officers, external auditors or outside counsel, as necessary.
- The committee may delegate authority to subcommittees, providing that decisions are presented to the full Committee at its next scheduled meeting.
- Review and approve the yearly internal audit plan and oversee the effectiveness of the internal audit function.

COMPOSITION

The Audit Committee shall comprise not less than **5** or more than **7** members. The majority of the members must be knowledgeable about financial matters and have financial literacy as a whole. The Chairman of the Board of Regents shall appoint the members of the Audit Committee, and select the Audit Committee's Chair, to serve one-year terms. A majority of members of the committee shall constitute a quorum.

MEETINGS

The Audit Committee is to meet at least four times each year, and as many more times as it deems necessary. All Committee members are expected to attend each meeting. As necessary or desirable, the Committee Chair may request that members of management and the representatives of the independent auditor or other advisors be present at meetings of the Committee.

RESPONSIBILITIES:

1. The Committee on Audit shall render advice and assistance to the Board of Regents in fulfilling its fiduciary responsibilities for overseeing the adequacy of and compliance with the internal controls, BOR Policies, risk management practices, investigative activity, governance processes, and to oversee the sufficiency and appropriateness of the financial reporting of the University System of Maryland.
2. This Committee shall review independent audit proposals including the scope of examination, services to be provided, reports to be rendered and fees to be charged, recommend to the Board the selection and scope of work of the independent external auditor of the University System of Maryland, review findings received there from and provide the Board with appropriate reports.
3. This Committee shall review legislative audits of the institutions of the University System and institutional responses thereto, and provide the Board with appropriate reports.
4. This Committee shall review and recommend to the Board the scope of the internal audit function. The Committee shall review the Charter of the Office of Internal Audit, its annual plan of work, its reports and administrative actions taken regarding its recommendations, and its annual report of significant audit items, and shall provide the Board with appropriate reports on the activities of that office. The Committee shall review the performance of the Director of Internal Audit and monitor the effectiveness of the internal audit function.
5. In fulfillment of these responsibilities this Committee shall foster direct communications with the external auditors on an annual basis or as otherwise deemed appropriate, and shall assure direct access from the Office of the Internal Audit, including meeting privately, at least on an annual basis, with the Director of Internal Audit.
6. This Committee shall monitor the Board's observance of the State Ethics Code as it pertains to possible conflict of interest with matters of the University System of Maryland.

7. This Committee shall assist the Board in fulfilling its responsibility to comply with Md. Education Code Ann. Section 12-104(p) review of annual financial disclosure statements—The Board of Regents shall review the annual financial disclosure statements filed by the Chancellor and the presidents of each constituent institution in accordance with Section 5-607 of the General Provisions Article.
8. The Committee shall review the annual financial disclosure statements filed by the members of the Board of Regents in accordance with Section 5-607 of the General Provisions Article.
9. The Committee shall render advice and assistance to the Board of Regents in fulfilling its responsibilities for overseeing the sufficiency and adequacy of Enterprise Risk Management of the University System of Maryland as defined in BOR Policy - VIII-20.00 Policy on Enterprise Risk Management.

Attachment B - BOR Committee on Audit Bylaws - 10-26-2023

Board of Regents Bylaws

Article X Section 3. Committee on Audit. (Last Revised November 22, 2019)

A. The Committee on Audit shall have the following duties:

1. The Committee on Audit shall render advice and assistance to the Board of Regents in fulfilling its fiduciary responsibilities for overseeing adequacy of and compliance with the internal controls of the University System of Maryland and the sufficiency and appropriateness of its financial reporting.
2. This Committee shall review independent audit proposals including the scope of examination, services to be provided, reports to be rendered and fees to be charged, recommend to the Board the selection and scope of work of the independent external auditor of the University System of Maryland, review findings received there from and provide the Board with appropriate reports.
3. This Committee shall review legislative audits of the institutions of the University System and institutional responses thereto, and provide the Board with appropriate reports.
4. This Committee shall review and recommend to the Board the scope of the internal audit function. The Committee shall review the Charter of the Office of Internal Audit, its annual plan of work, its reports and administrative actions taken regarding its recommendations, and its annual report of significant audit items, and shall provide the Board with appropriate reports on the activities of that office.
5. In fulfillment of these responsibilities this Committee shall foster direct communications with the external auditors on an annual basis or as otherwise deemed appropriate, and shall assure direct access from the Office of the Internal Auditor, including meeting privately, at least on an annual basis, with the Director of Internal Audit.
6. This Committee shall monitor the Board's observance of the State Ethics Code as it pertains to possible conflict of interest with matters of the University System of Maryland.
7. This Committee shall assist the Board in fulfilling its responsibility to comply with Md. Education Code Ann. Section 12-1-4(p) review of annual financial disclosure statements—
The Board of Regents shall review the annual financial disclosure statements filed by the Chancellor and the presidents of each constituent institution in accordance with Section 5-607 of the General Provisions Article.
8. The Committee shall review the annual financial disclosure statements filed by the members of the Board of Regents in accordance with Section 5-607 of the General Provisions Article.
9. The Committee shall render advice and assistance to the Board of Regents in fulfilling its responsibilities for overseeing the sufficiency and adequacy of Enterprise Risk Management of the University System of Maryland as defined in BOR Policy - VIII-20.00 Policy on Enterprise Risk Management.

Attachment C - BOR Policy Review Schedule - 10-26-2023

USM BOR Policy Review Schedule
 Committee on Audit
 October 21, 2022

Policy Number	Policy Name	Last Updated	Last Reviewed	Next Committee Review Date
1-7.00	Policy on Public Ethics of Members of the Board of Regents	Aug-99	Dec-22	FY 2027
VIII-7.10	Policy on Reporting Suspected or Known Fiscal Irregularities	Jun-17	Dec-22	FY 2027
VIII-7.11	Policy on the Communication of Suspected Fraud, Unethical and Illegal Business Activity	Apr-10	Dec-22	FY 2027
VIII-7.20	Policy on External Audits	Jun-18	Jun-18	FY 2024
VIII-7.30	Policy on Responses to Legislative Audits	Jun-18	Jun-18	FY 2024
VIII-7.50	USM Office of Internal Audit Charter	Apr-22	Mar-22	FY 2026
VIII-20.00	Policy on Enterprised Risk Management	Oct-19	Oct-19	FY 2024
Charter	Committee On Audit	Oct-21	Oct-23	FY 2024
Bylaws	Committee On Audit	Oct-19	Oct-23	FY 2024

TOPIC: FY 2023 Preliminary USM Financial Statements

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

SUMMARY:

A brief review of the unaudited preliminary University System of Maryland basic financial statements for the year ended June 30, 2023.

The sheet titled 'Financial Snapshot' summarizes the System's key financial health ratio used by rating agencies, Available Resources to Debt Outstanding, using the figures reflected in the preliminary financial statements, to provide a comparison between June 30, 2023, and 2022. The second part of the Financial Snapshot adjusts the publicly reported balances to take into consideration Board-approved claims and authorizations not yet expended or reflected in the financial statements to arrive at a 'true' financial health ratio for internal management and decision-making purposes to ensure the minimum levels of financial strength required in the BOR Policy VIII-12.00 Policy on Debt Management.

A set of key points in reviewing the System's preliminary financial statements is included.

The financial statements reflect the preliminary financial position and the results of operations of the University System of Maryland for the years ended June 30, 2023, and 2022 prepared on an accrual basis of accounting. The final, audited financial statements for the University System of Maryland will be available in December, and will include the auditor's opinion (System officials anticipate a 'clean' or unqualified opinion at this point) all appropriate note disclosures, a section containing management's discussion and analysis, the summary financial statements of the System's component, and supplementary financial statements for each of the USM institutions.

FISCAL IMPACT: Information item

CHANCELLOR'S RECOMMENDATION: Information item

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

2.3 2-BoardPresentationFinancialStatements

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,270,618,496	\$ 3,043,519,564	
Accounts receivable, net	504,295,179	349,952,225	
Leases receivable, current portion, net	5,503,497	12,935,917	
Notes receivable, current portion, net	2,946,582	4,351,323	
Inventories	9,727,249	9,194,059	
Prepaid expenses and other	23,361,322	20,132,560	
Total current assets	3,816,452,325	3,440,085,648	
Noncurrent assets:			
Restricted cash and cash equivalents	32,217,427	88,154,401	
Endowment investments	445,202,520	434,364,389	
Other investments	43,560,795	40,831,935	
Leases receivable, net	9,114,994	47,513,791	
Notes receivable, net	9,446,751	12,193,043	
Capital assets, net	7,529,716,041	7,326,736,884	
Total noncurrent assets	8,069,258,528	7,949,794,443	
Total assets	11,885,710,853	11,389,880,091	
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refundings of debt	4,861,048	6,034,722	
Asset retirement obligations	11,194,989	11,741,954	
Deferred changes, pension expense	342,310,634	380,707,864	F
Total assets and deferred outflows of resources	\$ 12,244,077,524	\$ 11,788,364,631	
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 425,751,386	\$ 410,362,411	
Accrued workers' compensation, current portion	4,352,250	4,522,350	
Accrued vacation costs, current portion	135,247,076	130,262,070	
Lease obligations, current portion	17,400,136	17,732,713	H
Subscription based I.T. arrangements, current portion	5,969,703		D
Revenue bonds and notes payable, current portion	94,897,021	96,971,293	H
Unearned revenues	604,190,202	519,855,439	
Total current liabilities	1,287,807,774	1,179,706,276	
Noncurrent liabilities:			
Accrued workers' compensation	24,825,500	25,626,650	
Accrued vacation costs	185,654,115	181,624,240	
Lease obligations	70,710,880	83,383,979	H
Subscription based I.T. arrangements	22,082,773		D
Revenue bonds and notes payable	1,145,344,792	1,254,836,154	H
Net pension liability	1,304,919,638	977,354,142	F
Total noncurrent liabilities	2,753,537,698	2,522,825,165	
Total liabilities	4,041,345,472	3,702,531,441	
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement receipts	246,838,739	266,747,515	I
Deferred inflows related to leases	14,340,138	58,909,984	
Deferred changes, pension expense	144,922,949	546,879,512	F
Total deferred inflows of resources	406,101,826	872,537,011	
NET POSITION			
Unrestricted	1,553,144,144	1,285,983,924	B
Net investment in capital assets	5,958,335,344	5,696,432,526	C
Restricted:			
Nonexpendable:			
Scholarships and fellowships	21,439,572	21,267,637	
Research	7,636,977	7,636,377	
Other	16,928,834	16,928,309	
Expendable:			
Scholarships and fellowships	49,983,398	46,686,730	
Research	127,953,514	71,756,398	
Loans	22,664,745	27,800,658	
Capital projects	4,891,748	4,633,279	
Other	33,651,950	34,170,341	
Total net position	7,796,630,226	7,213,296,179	A
Total liabilities, deferred inflows of resources and net position	\$ 12,244,077,524	\$ 11,788,364,631	

PRELIMINARY

**UNIVERSITY OF SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES:		
Tuition and fees	\$ 1,776,662,985	\$ 1,763,780,683
Less: scholarship allowances	(402,468,846)	(399,706,090)
Federal grants and contracts	967,684,991	871,536,573
State and local grants and contracts	277,399,848	232,407,684
Nongovernmental grants and contracts	317,247,744	278,725,575
Sales and services of educational departments	411,628,170	400,319,333
Auxiliary enterprises:		
Residential facilities	215,887,920	198,025,714
Less: scholarship allowances	(16,520,371)	(11,039,449)
Dining facilities	150,819,587	128,954,082
Less: scholarship allowances	(8,663,551)	(6,419,028)
Intercollegiate athletics	154,888,205	132,226,377
Less: scholarship allowances	(8,510,515)	(1,987,735)
Bookstore	14,874,198	28,215,539
Less: scholarship allowances	(2,174,553)	(4,550,328)
Parking facilities	42,664,914	38,232,144
Less: scholarship allowances	(157,119)	(1,248,965)
Other auxiliary enterprises revenues	160,557,065	155,481,618
Less: scholarship allowances	(456,638)	(50,127)
Other operating revenues	90,478,490	64,933,123
Total operating revenues	4,141,842,524	3,867,836,723
OPERATING EXPENSES:		
Instruction	1,607,930,335	1,469,203,096
Research	1,243,581,458	1,117,448,187
Public service	573,322,239	571,068,805
Academic support	561,773,195	535,209,518
Student services	358,619,134	329,216,282
Institutional support	635,836,654	618,297,026
Operation and maintenance of plant	472,604,597	411,381,014
Scholarships and fellowships	136,752,153	225,089,117
Auxiliary enterprises:		
Residential facilities	201,007,710	187,999,542
Dining facilities	145,008,289	126,247,532
Intercollegiate athletics	168,999,246	155,492,122
Bookstore	14,695,038	14,417,486
Parking facilities	27,412,568	25,308,991
Other auxiliary enterprises expenses	164,124,176	141,174,657
Total operating expenses	6,311,666,792	5,927,553,375
Operating loss	(2,169,824,268)	(2,059,716,652)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,953,912,133	1,574,884,395
Pell grants	179,807,022	167,701,242
Other nonoperating grants	61,765,234	269,784,264
Gifts	70,539,375	53,354,623
Investment Income	139,190,595	26,289,922
Less: investment expense	(1,771,876)	(1,505,288)
Interest on indebtedness	137,418,719	24,784,634
Other revenues, (expenses), gains and (losses)	(35,239,007)	(39,248,619)
	67,476,884	5,735,208
Total nonoperating revenues	2,435,680,360	2,056,995,747
Income (loss) before other revenues	265,856,092	(2,720,905)
OTHER REVENUES:		
Capital appropriations	305,138,195	179,148,592
Capital gifts and grants	12,166,701	41,469,786
Additions to permanent endowments	173,059	2,900,873
Total other revenues	317,477,955	223,519,251
Increase in net position	583,334,047	220,798,346
Net position - beginning of year	7,213,296,179	6,992,497,833
Net position - end of year	\$ 7,796,630,226	\$ 7,213,296,179

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2.3 3-Preliminary Financial Snapshot June 30. 2023

**University System of Maryland
Preliminary Financial Snapshot
June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
From the June 30, 2023 preliminary financial statements and 2022 audited financial statements		
USM unrestricted net position	\$ 1,553,024,144	\$ 1,285,983,924 B
Net pension liability	1,107,531,953	1,143,525,790 F
USM accrued leave	320,901,191	311,866,310 G
Affiliated foundations unrestricted net assets	<u>204,924,458</u>	<u>204,924,458</u>
Available funds	<u>\$ 3,186,381,746</u>	<u>\$ 2,946,300,482</u>
Debt outstanding	\$ 1,603,244,044	\$ 1,719,671,472 DHI
Ratio of available resources to debt outstanding per financial statements	199%	171% K
Claims against the June 30 available resources not reflected in financial statements:		
Available funds per financial statements	\$ 3,186,381,746	\$ 2,946,300,482
Cash-funded capital projects not fully spent at June 30,	(216,854,321)	(186,852,870)
Future years cash-funded capital projects committed but not yet authorized	(194,893,849)	(255,578,000)
Noncapital cash-funded projects not yet authorized	<u>(68,486,443)</u>	<u>(68,486,443)</u>
Adjusted available funds	<u>\$ 2,706,147,133</u>	<u>\$ 2,435,383,169</u>
Debt outstanding per financial statements	\$ 1,603,244,044	\$ 1,719,671,472
Revenue bond-funded projects authorized but debt not yet issued	214,849,316	184,888,969
Future obligations pending approval	<u>609,000,000</u>	<u>450,000,000</u>
Adjusted total debt outstanding	<u>\$ 2,427,093,360</u>	<u>\$ 2,354,560,441</u>
Ratio of available resources to debt outstanding, adjusted	111%	103% J

While rating agencies base their assessments based on financial statement balances, the System manages the ratio of available funds to debt outstanding to not fall below 1:1 ratio to ensure that financial health does not fall below medians for Aa1 rating category.

2.4 4-FY 23 Financial statement key points (10 26 22 Audit Committee Meeting)

**Preliminary Financial Statements
Years ended June 30, 2023 and 2022**

Key points associated with FY 2023 preliminary financial statements:

1. For discussion purposes, included are the preliminary Statements of Position and Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and 2022. The final 2023 audit report will include a single year presentation of the financial statements due to the implementation of GASB No. 96, *Subscription-based Information Technology Arrangements*.
2. The total net position increase of \$584M (**A on Statements of Net Position**) is comprised of an increase of \$267M in unrestricted net position (**B on Statements of Net Position and Financial Snapshot**), \$262M increase in net invested in capital assets (**C on Statements of Net Position**) and \$55M increase in restricted net position.
3. The attached preliminary financial statements reflect the implementation of GASB No. 96, *Subscription-based Information Technology Arrangements*, which requires financial statements to include a balance sheet liability for the present value of future subscription payments for what were formerly considered operating expenses. The calculated total of subscription receivable as of June 30, 2023 was \$28M (**D on Statements of Net Position**).
4. USM institutions were awarded \$574M under the Department of Education's HEERF Program (Higher Education Emergency Relief Fund). Revenue recognized of \$61M for the period ending June 30, 2023 compared to \$270M for the period ending June 30, 2022 is recorded as 'Nonoperating grants' (**E on Statements of Revenues, Expenses and Changes in Net Position**). Preliminary summary of HEERF revenue recognized to date is as follows:

HEERF Program (<i>in millions</i>)	Total Award	Cumulative Revenue	Remaining To Be Used
Student Aid	\$209	\$203	\$6
Institutional Aid	251	237	14
HBCU/Minority Serving Institutions	114	113	1
Total	\$574	\$553	\$21

5. The net pension liability and related deferred balances as of June 30, 2023, and 2022 were \$1,117M and \$1,143M, respectively (**F on Statement of Net Position and Financial Snapshot**). The calculated pension liability increased by more than \$328M from FY22 to FY23 as a result of increased service costs and investment losses of 2.97% in FY22. The overall increase in pension liability and the associated deferred amounts is a result to accounting requirements to 'smooth' the impact of changes in investment return experience, and other changes, compared with assumptions over a 5–6-year period.

6. Investment income for the year ended June 30, 2023 and 2022 was \$139M and \$26M respectively. **(G on Statements of Revenues, Expenses and Changes in Net Position)** This increase investment income is primarily a result of a 6% rate of return for FY23 compared to 2% in FY22 on endowment investments. Interest earned on cash held by the State increased from an interest of .438% in FY22 to 3.07% in FY23.
7. As shown on the 'Financial Snapshot', the financial statements report the key Balance Sheet strength ratio used by the rating agencies. Balance Sheet strength, defined as the ratio of 'available resources' (USM unrestricted net position + pension liability amounts + accrued leave liability + affiliated foundation unrestricted net assets) to debt outstanding, is 199% at June 30, 2023, increasing from 171% at June 30, 2022 **(K on Financial Snapshot)**. Per guidance from our financial advisor, PFM we now including in total debt outstanding deferred service concession arrangements (represents liability associated with student housing public private partnerships (P3s)) of \$246M and \$266M at June 30, 2023 and 2022, respectively **(I on the Statements of Net Position)**. The rating agencies are now treating these arrangements as direct debt of the System.
8. To ensure informed decision-making, the financial snapshot, following Board of Regents policy, adjusts reported financial statement balances to take into account Board-approved commitments and authorizations to spend not yet reflected in the financial statements. On that adjusted basis the results of FY23 resulted in a slight increase in overall 'true' financial standing, with the ratio of available resources to debt outstanding on an adjusted basis, improving from 103% at the end of FY22, to 112% at the close of FY23 **(J on Financial Snapshot)**.

TOPIC: Update of Office of Legislative Audit Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

Since the Committee's June 9, 2023, meeting, no Office of Legislative Audits (OLA) reports have been issued. It is expected that their audit report of Coppin State University will be issued on or around the date of this audit committee meeting.

OLA Engagements Currently Active:

- University System of Maryland Office,
- Frostburg State University,
- Towson University,
- University of Maryland Baltimore County,
- University Center for Environmental Science,
- Salisbury University,
- Coppin State University; and
- University of Maryland Global Campus.

attachments

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: None

DATE:

BOARD ACTION: None

DATE:

SUBMITTED BY: David Mosca

TOPIC: Review of Presidents', Chancellor's and Regents' Financial Disclosure Forms

COMMITTEE: Audit

DATE OF BOARD OF REGENTS MEETING: October 26, 2023

In accordance with Md. Education Code Ann. §12-104(p), the Board of Regents (BOR) Bylaws and the BOR Committee on Audit's Charter, the Office of Internal Audit has completed its review of the calendar year 2022 financial disclosure statements from the University Presidents (Attachment A), the Chancellor (Attachment A) and the Board of Regents (Attachment B). We noted that one Regent has not completed their disclosure as of September 14, 2023.

In October 2021, the State enacted modifications to two of the reporting sections (Schedule C: Ownership in Business Enterprises and Schedule D: Gifts) and added Schedule I: Relationship with State or Local Government, Quasi-Governmental Entity or University of Maryland Medical System (UMMS).

The changes to Schedules C and D are highlighted below. Schedule I is summarized as follows:

You must report any and all relationships with the University of Maryland Medical System (UMMS) or by the state (other than their BOR service), a local government, or a quasi-governmental entity should disclose that relationship. Regents who have a financial interest in or are employed by an entity doing business with UMMS or state or local government or a quasi-governmental entity, such as a regent employed by a law firm performing legal services for the entity or a regent employed by a construction company performing a construction project for the entity, should also disclose that relationship.

The Ethics Commission counsel has stated that those regents (and employees) who serve on the UMMS Board pursuant to Md. Code, Educ. § 13-304 are not required to be disclosed on Schedule I. However, in the interest of transparency and to avoid potential complaints from the public such service should be disclosed. Regents may wish to disclose the service on Schedule I or Schedule X of the form.

The following subjects make up the reporting requirements, which are also summarized in attachments A and B. There are no sections J through W.

Schedule A: Real Property (This section is not required to be completed by the Regents)

You must disclose:

1. Property owned directly, both commercial and residential.
2. Property leased or rented as a tenant, both commercial and residential.
3. A place of residence without a formal agreement, if you provided any monetary contributions to the household.
4. Property owned jointly or through a partnership, limited liability partnership, or limited company in which you held an interest.

Schedule B: Securities (This section is not required to be completed by the Regents)

You must disclose:

1. Shares of stock you own directly or as a part of an Individual Retirement Account (IRA), including a Roth IRA.
2. Bonds issued by corporate entities.
3. Mutual funds and exchange-traded funds (ETFs), ONLY IF they consist primarily of holdings and stock interests in a specific sector regulated by your governmental unit.

Schedule C: Ownership in Business Entities

You must report each interest you held during the reporting period, in business entities that you owned in whole or part, directly or indirectly, jointly and severally, WHETHER OR NOT that entity did business with the State. Pursuant to §5-607(a-1) of the Public Ethics Law, an individual who is required to disclose the name of a business under this section shall disclose any other names that the business is trading as or doing business as. This schedule concerns the reporting of ownership in business entities, other than stocks (which are reported on Schedule B).

You must disclose ownership in a:

1. Corporation
2. Partnership
3. Limited liability partnership (LLP) (Limited Liability Partnership)
4. Limited liability company (LLC) (Limited Liability Company)
5. Sole proprietorship

You are not required to disclose ownership in a sole proprietorship if:

1. The entity did not do business with the State; **AND**
2. You did not earn an income from the entity.

Schedule D: Gifts

You must report each gift you received during the reporting period, along with all gifts given to another person at your direction. You are not required to report a gift received from a member of your immediate family or your parent(s), or any kind of political campaign contributions. Please answer all questions related to each gift or upload a listing of all your gifts with their complete description.

You must disclose gifts with a value of more than \$20, or multiple gifts from the same donor if the gifts had a cumulative value of \$100 or more. Include gifts from:

1. A regulated lobbyist;
2. An entity engaged in activity regulated or controlled by the State;
3. An entity that otherwise did business with the State; or
4. An association or any entity acting on behalf of an association that is engaged only in representing counties or municipal corporations.

For Legislative Staff ONLY:

You need not disclose if you attended a special meal or reception to which a qualifying legislative unit (i.e. all members, either house, a standing committee or a county or regional delegation officially designated for disclosure purposes by the presiding officers) was invited, and the meal/beverage was consumed in the presence of the donor or sponsor.

Schedule E: Debts and Liabilities

You must disclose:

1. Debts you owe to entities if they did business by sales, purchases, contract, or lease of at least \$5,000 with your governmental unit during the reporting period.
 - Typical debts to report are installment loans, mortgages, car loans, or other time-fixed liabilities owed to financial institutions such as banks, credit unions, mortgage companies, and similar entities.
 - Other reportable debts could include those owed to other entities, including merchants, contractors, etc.
2. Debts you owe to entities if the entity was regulated by your governmental unit *Example: Department of Labor, Licensing, and Regulation (DLLR) filers must disclose mortgages owed to financial institutions regulated by the Commissioner of Financial Regulation as that Office is within DLLR.*
3. Debts you owe to regulated lobbyists.
4. Debts your spouse owes, ONLY IF you were involved in the transaction that gave rise to the debt.
5. Debts your dependent children owe, ONLY IF you were involved in the transaction that gave rise to the debt.

Schedule F: Employment and Offices Held

You must disclose:

1. Any outside employment where you earned a salary, WHETHER OR NOT your employer did business with the State.
2. Any unsalaried positions you held, such as an officer or director of a for-profit or not-for-profit organization, but ONLY IF the entity did business with the State.

Schedule G: Spouse

You must report each place of salaried employment held by your spouse during the reporting period, WHETHER OR NOT your spouse's employer did business with the State. You must also report unsalaried offices, directorships, or similar positions for your spouse with any entity that did business with the State. You must also report any solely or partially owned business from which your spouse earned income.

Lobbying Disclosure: If your spouse was a regulated lobbyist with the State during the reporting period, you must also identify each client that engaged your spouse for lobbying purposes.

Schedule H: Dependent Children

You must report each place of salaried employment held by your dependent children during the reporting period, subject to the conditions below. You must also report unsalaried offices, directorships, or similar positions for your dependent children with any entity that did business with the State. You must also report any solely or partially owned business from which your children earned income.

The statement may not include a minor child's employment or business interests unless the employment or business interests are with:

1. The State.
2. An entity regulated by your governmental unit.
3. An entity that has contracts in excess of \$10,000 with your governmental unit.

Schedule I: Relationship with State or Local Government, Quasi-Governmental Entity or University of Maryland Medical System (UMMS)

You must report any and all relationships with UMMS, a governmental entity of the State or a local government in the State, or a **quasi-governmental** entity of the State or local government in the State. For each interest disclosed, including any **attributable** interest, please include the name of the agency, the services performed, and the consideration earned from the financial relationship.

For the purposes of this schedule, a relationship is defined as:

1. Any receipt of compensation for representation of UMMS, a governmental entity of the State or a local government in the State, or a **quasi-governmental** entity of the State or local government in the State.
2. Any financial or contractual relationship, with UMMS, a governmental entity of the State or a local government in the State, or a **quasi-governmental** entity of the State or local government in the State.
3. Any transaction with UMMS, a governmental entity of the State or a local government in the State, or a **quasi-governmental** entity of the State or local government in the State, involving a monetary consideration.

Schedule X: Other

Schedule X is an optional schedule if you have other interests or transactions that have not been disclosed on the previous schedules and which you feel should be disclosed. This is also the chance to add more explanation or clarification to any of your responses on other schedules.

If you served as a member of a State board or commission during the reporting period, please list the name of that board or commission.

(Attachments)

FISCAL IMPACT: Uncertain

CHANCELLOR'S & COMMITTEE ON AUDIT'S RECOMMENDATION:

BOARD ACTION none

DATE:

SUBMITTED BY: COMMITTEE ON AUDIT

Attachment A - Presidents Financial Disclosure Spreadsheet - 10-26-2023

**The University System of Maryland
Office of Internal Audit
Summarized Review of State Ethics Commission Financial Disclosures - USM Presidents
Calendar Year 2022**

		Disclosure Sections									
		A	B	C	D	E	F	G	H	I	X
		Real Property	Securities	Business Ownership	Gifts	Debts & Liabilities	Employment and Offices Held	Spouse	Dependent Children	Relationship with Govt. or UMMS	Other
Dr. Heidi Anderson		Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Aminta H. Breaux		Y	Y	N/A	Y	Y	Y	N/A	N/A	Y	N/A
Dr. Gregory W Fowler		Y	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A	N/A
Dr. Peter Goodwin		Y	Y	N/A	Y	N/A	Y	Y	N/A	N/A	Y
Dr. Freeman Hrabowski		Y	Y	N/A	N/A	Y	Y	Y	N/A	N/A	Y
Dr. Bruce Jarrell		Y	Y	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A
Dr. Anthony Jenkins		Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Carolyn Ringer Lepre		Y	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A
Dr. Ronald Nowaczyk		Y	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A
Dr. Jay Perman		Y	Y	N/A	N/A	Y	Y	N/A	N/A	N/A	N/A
Dr. Melanie Perreault		Y	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A
Dr. Darryll Pines		Y	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A
Dr. Kim Schatzel		Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hon. Kurt Schmoke		Y	Y	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A
Dr. Valerie Sheares Ashby		Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Charles Wight		Y	Y	Y	N/A	N/A	N/A	Y	N/A	N/A	N/A

Y = Included a Disclosure(s)
N/A = No Disclosure was Made

Auditor's Note - There were no inappropriate conflicts of interests or inappropriate disclosures identified in any of the forms reviewed.
Auditor's Note 2 - There are no sections J - W in the Financial Disclosure Form

Attachment B - Regents Financial Disclosure Spreadsheet

The University System of Maryland
 Office of Internal Audit
 Summarized Review of State Ethics Commission Financial Disclosures - USM Regents
 Calendar Year 2022

	Disclosure Sections									
	A	B	C	D	E	F	G	H	I	X
	Property - Mortgage	Securities	Business Ownership	Gifts	Debts & Liabilities	Employment and Offices Held	Spouse	Dependent Children	Relationship with Govt. or UMMS	Other
Kevin Anderson	Y	N/A	Y	N/A	N/A	Y	Y	N/A	N/A	N/A
Kevin Atticks	Y	Y	Y	N/A	N/A	Y	Y	N/A	N/A	N/A
Gary Lee Attman	Y	Y	N/A	N/A	Y	Y	Y	N/A	N/A	N/A
Andrew J. Bartenfelder	Y	Y	Y	N/A	Y	Y	N/A	N/A	N/A	N/A
Hugh Breslin	N/A	N/A	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ellen Rafferty Fish	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A
Robert Michael Gill	Y	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Geoffrey J. Gonella	Y	N/A	Y	N/A	N/A	Y	Y	N/A	Y	Y
Linda R. Gooden	N/A	Y	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A
Michelle Gourdine	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	Y	N/A
Farah Helal	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A
Robert Hur	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	Y	N/A
Isiah Leggett	Y	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Edward Francis McDonald	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yehuda Neuberger	N/A	N/A	Y	N/A	N/A	N/A	Y	N/A	N/A	N/A
Julianne Oberg	Y	Y	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A
Ayotola Oludayo										
Douglas Peters	N/A	N/A	Y	N/A	N/A	Y	N/A	N/A	Y	N/A
Louis M. Pope	N/A	N/A	Y	N/A	N/A	Y	N/A	N/A	N/A	N/A
Robert D. Rauch	Y	Y	Y	N/A	Y	Y	Y	N/A	N/A	N/A
Andrew Smarick	N/A	N/A	N/A	N/A	N/A	Y	Y	N/A	N/A	N/A
Robert Lee Wallace	N/A	N/A	Y	N/A	N/A	Y	Y	N/A	N/A	N/A
William T. Wood	N/A	N/A	Y	N/A	N/A	Y	N/A	N/A	N/A	Y

Y = Included a Disclosure(s)
 N/A = No Disclosure was Made

Auditor's Note - There were no inappropriate conflicts of interests or inappropriate disclosures identified in any of the forms reviewed.
 Auditor's Note 2 - There are no sections J - W in the Financial Disclosure Form

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

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

SUMMARY:

Action Item Update for October 26, 2023, Meeting:

1. The Office of the Attorney General's Educational Affairs Division to provide the Committee with a report of ongoing litigation. Also, included in all Audit Committee agendas moving forward. To be discussed in closed session.
2. The Office of Internal Audit to conduct audit engagements assessing affected universities' progress in remediating Single Audit Findings. Audits are in the final stages and an update will be provided in closed session as part of internal audit's audit plan update.
3. An update regarding computer theft will be provided in closed session.

See Attachment: Listing of Open Action Items From 2019 – 2023 Audit Committee Meetings.

attachment

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

USM Board of Regents
 Action Items From 2019 - 2023 Audit Committee Meetings
 26-Oct-23

Action Item

Status

From June 2023 Audit Committee Meeting

1.	CLA to share best practices with the Committee to address cyber security issues found during their audit.	Update to be provided in December 2023 meeting.
2.	Include annual discussion of Single Audit terminology and impact of findings.	Included in Committee's 2023 annual work plan. March or June 2024 meeting.
3.	Provide Committee with semiannual updates on ERM and Crisis Management.	Included in Committee's 2023 annual work plan. December 2023 and June 2024 meeting.

From March 2023 Audit Committee Meeting

1.	Periodically monitor significant changes in foundations and entities to ensure proper recognition in financial statements.	Update to be provided in October 2023 Committee meeting.
2.	Provide Committee with a narrative explaining material weaknesses and significant deficiencies in Single Audit reporting.	Provided in June 2023 Committee Meeting.
3.	Request UMB provide a presentation pertaining to MGIC operations and remediation of Single Audit findings.	Provided in June 2023 Committee Meeting.
4.	Internal Audit to perform interim audit testing to assess status of remediating Single Audit findings.	Update to be provided in October 2023 Committee meeting.
5.	OAG's Educational Affairs Division to provide Audit Committee with reports of significant litigation in all Committee meetings.	Included in October 2023 meeting and for each meeting in Committee's 2024 work plan.

From December 2022 Audit Committee Meeting

1.	Provide Committee w/ a Comparison of OLA Work Scope to OIA's CY 2023 Audit Plan	Submitted to Committee at March 2023 Meeting.
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From March 2022 Audit Committee Meeting

2.	Provide Committee Updates of Prosecution of Former Employee's Theft of Computer Equipment- UMCP	Concluded in August 2023.
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From October 2019 Audit Committee Meeting

1.	Universities shall submit their ERM plan of implementation to the Audit Committee and annually produce risk dashboards. Internal Audit should audit implementation of ERM.	Update to be provide in October 2023 meeting.
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Note: Action items concluded prior to the March 2023 BOR Audit Committee meetings are not included in this schedule.

TOPIC: Convening Closed Session

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: October 26, 2023

SUMMARY:

The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Audit will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents, it is posted on the USM's website and copies are available here today.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the BOR Audit Committee vote to reconvene in closed session.

COMMITTEE ACTION:

DATE: 10-26-2023

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca, 443.367.0035, dmosca@usmd.edu



STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS

Date: October 26, 2023

Time: Approximately 11:00 AM

Location: Zoom

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
- [] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - [x] (ii) Any other personnel matter that affects one or more specific individuals.
- (2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) [] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [x] To consult with counsel to obtain legal advice on a legal matter.
- (8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10) To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
- (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- (15) To discuss cybersecurity, if the public body determines that public discussion would constitute a risk to: (i) security assessments or deployments relating to information resources technology; (ii) network security information, including information that is: 1. Related to passwords, personal identification numbers, access codes, encryption, or other components of the security system of a governmental entity; 2. Collected, assembled, or maintained by or for a governmental entity to prevent, detect, or investigate criminal activity; or 3. Related to an assessment, made by or for a governmental entity or maintained by a governmental entity, of the vulnerability of a network to criminal activity; or (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED:

IT security matters that pose vulnerabilities, update of legal matters with OAG's educational affairs, legislative audit matters that are ongoing and, therefore, confidential; discussion of investigative matters which may lead to criminal prosecution or legal action; calendar year 2023 internal audit plan of activity; meeting separately with independent auditor's engagement partner and USM's VC of accountability.

REASON FOR CLOSING:

- 1) To maintain confidentiality of discussions of ongoing investigations by outside agencies, which potentially could result in criminal prosecutions (§3-305(b)(12));
- 2) To maintain confidentiality of active legal matters with the OAG's Educational Affairs Division (§3-305(b)(7))
- 3) To maintain confidentiality of USM's cybersecurity that would constitute a risk vulnerability of networks, critical IT infrastructure and information resources. (§3-305(b)(15));
- 4) To maintain the confidentiality of matters involved in ongoing legislative audits, as required by Section 2-1226 of the State Government Article of the Annotated Code of Maryland (§3-305(b)(13));
- 5) To carry out an administrative function: discussion of calendar year's 2022 audit plan of activity by the USM Office of Internal Audit (§ 3-103(a)(1)(i); and
- 6) To carry out an administrative function: the Committee's separate meeting with the VC of Accountability and independent auditors (§3-103(b)(1)(ii));