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HOWARD COMMUNITY COLLEGE

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2024



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YEAR ENDED JUNE 30, 2024**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Howard Community College
Columbia, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Howard Community College (the College) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have been and have issued our report thereon dated October 31, 2024.

The financial statements of Howard Community College Educational Foundation, Inc., the discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with Howard Community College Educational Foundation, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

College's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other audit procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 31, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Howard Community College
Columbia, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Howard Community College (the College)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not included in the Compliance Audit

The College's basic financial statements include the operations of the Howard Community College Educational Foundation, Inc. (the Foundation), a discretely presented component unit. Our compliance audit, described in the Opinion on Each Major Federal Program, does not include the operations of the Foundation because the Foundation did not receive federal awards.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 through 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Howard Community College's response to noncompliance findings in our compliance audit described in the accompanying schedule of findings and questioned costs. Howard Community College's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 through 2024-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 31, 2025

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity/Identifying Number	Amounts Passed to Subrecipients	Federal Expenditures
<u>Student Financial Assistance Cluster</u>				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants FY24	84.007	P007A231754	\$ -	\$ 280,279
Federal Supplemental Educational Opportunity Grants FY23	84.007	P007A221754	-	33,892
Federal Direct Lending - FY24	84.268	P268K243052	-	4,993,909
Federal Direct Lending - FY23	84.268	P268K233052	-	33,256
Federal Work-Study Program FY24	84.033	P033A231754	-	220,087
Federal Pell Grant Program - FY24	84.063	P063P233052	-	9,834,326
Federal Pell Grant Program - FY23	84.063	P063P223052	-	233,486
Total Student Financial Assistance Cluster			-	15,629,235
<u>Research and Development Cluster</u>				
<u>National Science Foundation</u>				
Direct Programs:				
IUSE (Improving Undergraduate Stem Education)	47.076	1820903	-	8,527
Total Research and Development Cluster / National Science Foundation			-	8,527
<u>U.S. Department of Defense</u>				
Direct Programs:				
2021 Grant Program - Howard Community College	12.900	H98230-21-1-0283	-	2,726
2023 Startalk Student Program	12.900	H98230-23-1-0091	-	81,912
Total U.S. Department of Defense			-	84,638
<u>U.S. Department of Labor</u>				
Passed Through Maryland Department of Labor:				
2020-2023 State Apprenticeship Expansion Grant, 2021 Maryland	17.285	CCAI-001	-	131,915
State Extension Apprenticeship Grant Hospitality Apprenticeship Program	17.285	HM-05	-	34,317
Total U.S. Department of Labor			-	166,232
<u>U.S. Department of Education</u>				
Direct Programs:				
Childcare Access Means Parents in School	84.335A	P335A230053	-	7,520
Passed Through Maryland Department of Labor:				
Consolidated Adult Education and Literacy Services Program	84.002A	POOP4600129	-	611,872
Passed Through Maryland State Department of Education:				
Perkins Formula	84.048A	240178	-	515,948
Perkins Formula -Prior Year	84.048A	230727	-	(1,040)
Career & Technical Education Reserve Fund Grant	84.048A	240177	-	95,787
ARP ESSER - Maryland Leads Partner Program - COVID 19	84.425	231947	-	150,559
Total U.S. Department of Education			-	1,380,646
<u>U.S. Department of Health and Human Services</u>				
<u>Child Care Development Fund Cluster</u>				
Passed Through Maryland State Department of Education				
Maryland Rebuilds Initiative Grant - COVID 19	93.575	231553	-	777,046
Total Child Care Development Fund Cluster			-	777,046
Passed Through Maryland Department of Health				
CHW Certificate Training Programs	93.391	NH750T000077	-	5,301
Total U.S. Department of Health and Human Services			-	782,347
<u>U.S. Department of the Treasury</u>				
Passed Through Howard County Government				
Complete4Success Program - COVID 19	21.027	02-10-0-1150- 0225/0227	-	981,240
Total U.S. Department of the Treasury			-	981,240
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 19,032,865

**HOWARD COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards (the Schedule) are recognized following Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Negative amounts on the SEFA represent refunds related to prior year grant awards.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the College under programs of the Federal government for the year ended June 30, 2024, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance.

NOTE 3 LOANS OUTSTANDING

During the year ended June 30, 2024, the College processed the following amount of new loans under the Federal Direct Lending Loan Program. Since this program is administered by outside financial institutions, only the value of new loans made during the fiscal year relating to this program are considered current year expenditures in the Schedule of Expenditures of Federal Awards. The outstanding balance of loans made in previous periods is not included as Federal awards expended because the lender accounts for the prior balances.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
Federal Direct Lending - FY24	84.268	P268K243052	\$ 4,993,909
Federal Direct Lending - FY23	84.268	P268K233052	33,256
			<u>\$ 5,027,165</u>

NOTE 4 RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

	Amount
Federal Grants per Audited Financial Statements	\$ 14,005,700
Direct Loans per Schedule of Federal Expenditures	5,027,165
Total Expenditures per Schedule of Federal Expenditures	<u>\$ 19,032,865</u>

HOWARD COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 5 STUDENT FINANCIAL AID INSTITUTIONAL AND PROGRAM ELIGIBILITY METRICS

The Institution is in compliance with the following institutional and program eligibility requirements under the Higher Education Act of 1965 and Federal regulations under 34 CFR 668.23:

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g)
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and (g)
- Institution's regular students that are incarcerated under 34 CFR 600.7(c) and (g)
- Completion rates for confined or incarcerated individuals enrolled in non-degree programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g)
- Institution's regular students that lack a high school diploma or its equivalent under 34 CFR 600.7(d) and (g)
- Completion rates for short-term programs under 34 CFR 668.8(f) and (g)
- Placement rates for short-term programs under <https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.8> 34 CFR 668.8(e)(2)

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported

3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)

84.007, 84.033, 84.063, 84.268
21.027

93.575

Name of Federal Program or Cluster

Student Financial Aid Cluster
Coronavirus State and Local Fiscal Recovery
Funds (SLFRF)
Maryland Rebuilds Initiative Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

Finding 2024-001: Financial Closing Process

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The College has not established adequate processes and controls to ensure timely and accurate financial reporting.

Criteria or specific requirement: State of Maryland Code of Regulations 13B.07.03.02E requires that Maryland community colleges file annually its audited financial statements and MHEC-CC-4 report with the Maryland Higher Education Commission no later than 90 days following the close of each fiscal year.

Effect: Delays in the financial close process led to the late completion and late filing of the audit with the Maryland Higher Education Commission.

Cause: These delays are primarily due to insufficient or improper staffing, lack of standardized procedures, and inadequate training for the finance and accounting team.

Repeat Finding: No

Recommendation: We recommend the College develop and implement standardized procedures for the financial close process to ensure consistency and efficiency, provide training to finance staff on the new procedures and the importance of timely financial reporting, and conduct regular reviews and reconciliations of financial records to identify and address any issues promptly.

Management Response: There is no disagreement with the audit finding.

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 002: Special Tests and Provisions – NSLDS Enrollment & Reporting

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Aid Cluster

Assistance Listing Number: 84.063, 84.268

Federal Award Identification Number: P063P233052, P063P223052, P268K243052, P268K233052

Award Period: July 1, 2023 – June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Internal Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Compliance – The Code of Federal Regulations, 34 CFR 685.309(b), states that: Institutions must have some arrangement to report student enrollment data to NSLDS through an enrollment roster file. The institution is required to report changes in the enrollment status, the effective date of the status, and an anticipated completion date. Also, the Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not.

Condition: During testing of the enrollment status reporting, we noted that the incorrect enrollment status and effective date was reported in NSLDS.

Questioned Costs: None

Context:

- The enrollment status was incorrectly reported for 6 out of 40 students.
- The enrollment effective date was incorrectly reported for 4 out of 40 students.

Cause: These errors are a result of issues with the student information system.

Effect: Student enrollment status was not reported accurately and/or timely to NSLDS.

Repeat Finding: No

Recommendation: The institution should evaluate their procedures and policies related to reporting status changes and effective dates to NSLDS and enhance as deemed necessary to ensure that accurate information is reported to NSLDS.

Views of responsible officials: There is no disagreement with the audit finding.

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

2024 – 003: Special Tests and Provisions – Gramm-Leach-Bliley Act

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Aid Cluster

Assistance Listing Number: 84.063, 84.268, 84.007, 84.033

Federal Award Identification Number: P063P233052, P063P223052, P268K243052, P268K233052, P007A231754, P007A221754, P033A231754

Award Period: July 1, 2023 – June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Internal Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Compliance – The Gramm-Leach-Bliley Act (Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. (16 CFR 314) The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi). Institutions are required to develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts. The regulations require the written information security program to include nine elements for institutions with 5,000 or more customers, (16 CFR 314.3(a)). The elements that an institution must address in its written information security program are at 16 CFR 314.4.

Condition: Certain elements of the College’s information security program were not maintained in written form.

Questioned Costs: None

Context: The College’s written information security program did not cover the following requirements as of the required deadline in June 2024:

- Assess apps developed by the institution
- Implement multi-factor authentication for anyone accessing customer information on the institution’s system
- Dispose of customer information securely
- Anticipate and evaluate changes to the information system or network.
- Maintain a log of authorized users’ activity and keep an eye out for unauthorized access.
- Provides for the institution to regularly test or otherwise monitor the effectiveness of the safeguards it has implemented (16 CFR 314.4(d)).
- Provides for the implementation of policies and procedures to ensure that personnel

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

- are able to enact the information security program (16 CFR 314.4(e)(1)).
- Provides for the evaluation and adjustment of its information security program in light of the results of the required testing and monitoring; any material changes to its operations or business arrangements; the results of the required risk assessments; or any other circumstances that it knows or has reason to know may have a material impact the institution's information security program (16 CFR 314.4(g)).

Cause: These deficiencies were primarily due to insufficient resources and oversight dedicated to the development and maintenance of the written information security program.

Effect: Information security management may not be optimized and responses delayed without the written plan.

Repeat Finding: No

Recommendation: We recommend the College ensure its written information security program addresses the required minimum elements as outlined in 16 CFR 314.4.

Views of responsible officials: There is no disagreement with the audit finding.

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

2024 – 004: Fiscal Operations Report and Application to Participate (FISAP) Reporting

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Aid Cluster

Assistance Listing Number: 84.063, 84.268, 84.007, 84.033

Federal Award Identification Number: P063P233052, P063P223052, P268K243052, P268K233052, P007A231754, P007A221754, P033A231754

Award Period: July 1, 2023 – June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Internal Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Compliance - The Code of Federal Regulations, 34 CFR 668.24(e)(i) requires an institution to maintain records to support the data contained in the FISAP.

Condition: The documents retained by the University to support amounts included in the FISAP did not agree to the FISAP.

Questioned Costs: None

Context: The enrollment count reported in the FISAP did not agree to supporting documentation.

Cause: These errors are a result of issues with the student information system.

Effect: The information in the FISAP is utilized to assist in the awarding of future awards and incorrect data could negatively impact future awards.

Repeat Finding: No

Recommendation: It is recommended that the College strengthens its internal controls and verification processes to ensure the accuracy of data reported in the FISAP. This may include creating a formalized review process for the FISAP and ensuring all supporting schedules used to populate the form are centrally stored.

Views of responsible officials: There is no disagreement with the audit finding.

**HOWARD COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

2024 – 005: Population for Return of Title IV Funds

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Aid Cluster

Assistance Listing Number: 84.063, 84.268, 84.007, 84.033

Federal Award Identification Number: P063P233052, P063P223052, P268K243052, P268K233052, P007A231754, P007A221754, P033A231754

Award Period: July 1, 2023 – June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement:

Internal Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The College was unable to provide the required population for the students that withdrew during the fiscal year in a timely manner.

Questioned Costs: None

Context: The College does not have a process in place to identify students who have withdrawn and received Title IV funds.

Cause: Currently, the collection of this information is a very manual process that caused the delay.

Effect: The College’s single audit may be delayed.

Repeat Finding: No

Recommendation: It is recommended that the College strengthens its internal controls and improves coordination among departments to ensure timely submission of required data for the Return of Funds. This may include implementing a more robust tracking system, providing additional training to staff, and establishing clear deadlines and responsibilities for data submission.

Views of responsible officials: There is no disagreement with the audit finding.



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CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2024

U.S. Department of Education

Audit period: July 1, 2023 – June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2024-001 Financial Closing Process

Recommendation: We recommend the College develop and implement standardized procedures for the financial close process to ensure consistency and efficiency, provide training to finance staff on the new procedures and the importance of timely financial reporting, and conduct regular reviews and reconciliations of financial records to identify and address any issues promptly.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: The HCC administration recognizes that difficulty in filling vacant positions and possible staff misalignment has resulted in this deficiency. HCC has engaged a highly respected business consulting firm in the higher education community with expertise in financial systems, processes, and business operations, as well as a consultant with expertise in accounting operations and internal controls. These consultants are tasked with providing the following in concert with the CFO and Associate Vice President:

- Analyze process workflow of the finance area
- Recommend and implement changes to workflow to achieve more efficient processes, which may include implementing project software, establishing and documenting approval workflows, redesigning the chart of accounts
- Develop standardized close procedures for month and year end, ensuring each major account has adequate external documentation and an appropriate reconciliation to tie the balance back to the financial statements
- Document written processes for month and year end close with established deadlines
- Provide training where necessary
- Rewrite job descriptions; recommend personnel realignment where necessary.

Name(s) of the contact person(s) responsible for corrective action: Tyria Stone, Executive Vice President, Finance & Administration

Planned completion date for corrective action plan: June 30, 2026

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2024-002: Special Tests and Provisions – NSLDS Enrollment Reporting

Student Financial Aid Cluster – Assistance Listing No. 84.063, 84.268

Condition: During testing of the enrollment status reporting, we noted that the incorrect enrollment status and effective date was included in NSLDS.

Recommendation: The institution should evaluate their procedures and policies related to reporting status changes and effective dates to NSLDS and enhance as deemed necessary to ensure that accurate information is reported to NSLDS.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Howard Community College will work with Records, Registration and Veterans Affairs (RRVA) to conduct a thorough review of the current policies and procedures for reporting student enrollment status changes and effective dates to NSLDS and then subsequently implement process improvements to ensure that our process aligns with federal regulations.

Name(s) of the contact person(s) responsible for corrective action: Jessica Peterson, Registrar

Planned completion date for corrective action plan: June 30, 2026

2024-003: Special Tests and Provisions – Gramm-Leach-Bliley Act

Student Financial Aid Cluster – Assistance Listing No. 84.063, 84.268, 84.007, 84.033

Condition: Certain elements of the College's information security program were not maintained in written form.

Recommendation: We recommend the College ensure its written information security program addresses the required minimum elements as outlined in 16 CFR 314.4.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Howard Community College will work with the Administrative Information Systems (AIS) department to conduct a thorough review of the written information security program to ensure the necessary elements are included and meeting the minimum requirements as outlined in 16 CFR 314.4.

Name(s) of the contact person(s) responsible for corrective action: Tyria Stone, Executive Vice President, Finance & Administration

Planned completion date for corrective action plan: June 30, 2026

2024 – 004: Fiscal Operations Report and Application to Participate (FISAP) Reporting

Student Financial Aid Cluster – Assistance Listing No. 84.063, 84.268, 84.007, 84.033

Condition: The documents retained by the University to support amounts included in the FISAP did not agree to the FISAP.

Recommendation: It is recommended that the College strengthens its internal controls and verification processes to ensure the accuracy of data reported in the FISAP. This may include creating a formalized review process for the FISAP and ensuring all supporting schedules used to populate the form are centrally stored.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Financial Aid Services has created a formalized review process for FISAP and created a central location to store data. This review process includes multiple staff members and internal controls for future review.

Name(s) of the contact person(s) responsible for corrective action: Detra Hooper, Financial Aid Services Director

Planned completion date for corrective action plan: June 30, 2025

2024 – 005: Population for Return of Title IV Funds

Student Financial Aid Cluster – Assistance Listing No. 84.063, 84.268, 84.007, 84.033

Condition: The College was unable to provide the required population for the students that withdrew during the fiscal year in a timely manner.

Recommendation: It is recommended that the College strengthens its internal controls and improves coordination among departments to ensure timely submission of required data for the Return of Funds. This may include implementing a more robust tracking system, providing additional training to staff, and establishing clear deadlines and responsibilities for data submission.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Financial Aid Services will work with the Administration Information Systems department along with other stakeholders to strengthen its internal controls and improve communication. Additionally, Howard Community College will work with AIS to develop and implement a more robust system to track and review the data required to complete the Return of Funds process.

Name(s) of the contact person(s) responsible for corrective action: Detra Hooper, Financial Aid Services

Planned completion date for corrective action plan: June 30, 2026

If the U.S. Department of Education has questions regarding this plan, please call Detra Hooper, Financial Aid Services Director at 443-518-4776.

