

HOWARD COMMUNITY COLLEGE

**Schedule of Expenditures of Federal Awards Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2011



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

June 30, 2011

CONTENTS

| | |
|---|----|
| Report of Independent Public Accountants | 1 |
| Report of Independent Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 3 |
| Report of Independent Public Accountants on Compliance with Requirements That could have a Direct and Material Effect on Each Major Program on Internal Control over Compliance in Accordance with OMB Circular A-133 | 5 |
| Schedule of Expenditures of Federal Awards | 7 |
| Notes to the Schedule of Expenditures of Federal Awards | 9 |
| Schedule of Findings and Questioned Costs | 11 |
| Schedule of Prior Year Audit Findings | 13 |



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Howard Community College

We have audited the financial statements of the Howard Community College (the College) a component unit of Howard County, Maryland, and its discretely presented component unit, the Howard Community College Educational Foundation, Inc., a component unit of the college as of and for the year ended June 30, 2011, which collectively comprise the college's basic financial statements. These financial statements are the responsibility of the college's management. Our responsibility is to express opinions on the college's financial statements based on our audit.

We conducted our audit in accordance with 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the college and its discretely presented component unit as of June 30, 2011, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011, on our consideration of Howard Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College taken as a whole. The Schedule of Expenditures of Federal Awards listed on page 7 is presented for the purpose of additional analysis as required by the *U.S. Office of Management and Budget OMB Circular A-133 Audits of States, Local Governments and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing principles applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hunt Valley, Maryland
September 29, 2011

SB & Company, LLC



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

To the Board of Trustees
Howard Community College

We have audited the financial statements of Howard Community College (the college) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with 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 of America.

Internal Control Over Financial Reporting

Management at the college is responsible for establishing and maintains effective internal control over financial reporting. In planning and performing our audit, we considered the college's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the college's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the college's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to material weaknesses, as defined above.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the college's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
September 29, 2011

SB & Company, LLC



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Howard Community College

Compliance

We have audited the compliance of Howard Community College (the college) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2011. The college's major federal programs are identified in the summary of independent public accountants' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the college's management. Our responsibility is to express an opinion on the college's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the college's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the college's compliance with those requirements.

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, 2011.



Internal Control Over Compliance

Management of the college is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the college's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the college's internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
October 25, 2011

SB & Company, LLC

HOWARD COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

| Federal Grantor/Pass Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity/ Identifying Number | Federal Expenditures |
|---|------------------------|--|-------------------------|
| U.S. Department of Education | | | |
| Student Financial Aid Cluster: | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | P007A101754 | \$ 99,315 |
| Federal Direct Lending | 84.268 | P268K103052/ | |
| | | P268K113052 | 6,542,132 |
| Federal Work-Study Program | 84.033 | P033A101754 | 162,671 |
| Federal Work-Study Program - Prior year | 84.033 | P033A091754 | 323 |
| Federal Pell Grant Program | 84.063 | P063P103052 | 8,110,092 |
| Federal Pell Grant Program - Prior year | 84.063 | P063P093052 | 209,720 |
| Academic Competitiveness Grant | 84.375 | P375A103052 | 161,367 |
| Total Student Financial Aid Cluster | | | <u>15,285,620</u> |
| TRIO - Student Support Services - FY11 | 84.042 | P042A100592 | 56,200 |
| TRIO - Student Support Services - FY10 | 84.042 | P042A100592 | 271,819 |
| Total TRIO-Student Support Services | | | <u>328,019</u> |
| Total U.S. Department of Education | | | <u>15,613,639</u> |
| National Science Foundation | | | |
| Science and Technology Scholarship Program | 47.076 | 728047 | 111,002 |
| Total National Science Foundation | | | <u>111,002</u> |
| Department of Labor | | | |
| Pathways to Cyber Security | 17.269 | CB-20605-10-60-A-24 | |
| | | | 36,678 |
| Total Department of Labor | | | <u>36,678</u> |
| Department of Defense | | | |
| National Security Agency | 12.900 | H98230-11-1-0063 | 8,068 |
| National Security Agency | 12.900 | H98230-11-1-0064 | 5,882 |
| National Security Agency | 12.901 | H98230-10-1-0037 | 88,449 |
| Total Department of Defense | | | <u>102,399</u> |
| Department of Health and Human Services | | | |
| HRSA – Health Care and other Facilities | 93.887 | C76HF19971 | 62,198 |
| Total Department of Health and Human Services | | | <u>62,198</u> |
| Total Direct Awards | | | <u>15,925,916</u> |
| Passed-Through Maryland Department of Labor Licensing and Regulation: | | | |
| Adult Education - State Grant Program | 84.002 | POOB1400094 | 329,573 |
| Adult Education - State Grant Program - Prior Year | 84.002 | POOP0400021 | 21,488 |
| Total Passed-Through Maryland Department of Labor Licensing and Regulation | | | <u>351,061</u> |
| Pass-Through Maryland Department of Education: | | | |
| Vocational Education - Basic Grants to States | 84.048 | 115336-01 | 207,669 |
| Vocational Education - Basic Grants to States - Prior Year | 84.048 | 105652-01 | 12,301 |
| Vocational Education - Tech Prep Education | 84.243 | 115336-02 | 24,265 |
| Vocational Education - Tech Prep Education - Prior Year | 84.243 | 105652-02 | 4,974 |
| Child Care Career and Professional Development - Prior Year | 93.575 | 106005 | 4,049 |
| Child Care Career and Professional Development - Teacher Train. | 93.575 | 114236 | 166,488 |
| Total Pass-Through Maryland Department of Education | | | <u>419,746</u> |

The accompanying notes are an integral part of this schedule.

HOWARD COMMUNITY COLLEGE

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

| <u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity/ Identifying Number</u> | <u>Federal Expenditures</u> |
|--|--------------------------------|--|---------------------------------|
| Pass-Through Maryland Department of Health and Mental Hygiene: | | | |
| Centers for Disease Control and Prevention | 93.977/93.116/93.283 | OCPMP 11-010527G | 47,581 |
| Office of Preparedness and Response | 93.283 | OCPMP 10-010188G | 128,829 |
| Family Planning Services | 93.217 | OCPMP 9-010074G | 26,014 |
| Total Pass-Through Maryland Department of Health and Mental Hygiene | | | <u>202,424</u> |
| Passed-Through Maryland Higher Education Commission: | | | |
| BRAC Higher Education Investment | 84.031 | BRAC10-111 | 25,334 |
| Total Passed-Through Maryland Higher Education Commission | | | <u>25,334</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 16,924,481</u></u> |

The accompanying notes are an integral part of this schedule.

HOWARD COMMUNITY COLLEGE

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All federal grant operations of Howard Community College (the college) are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the Schedule of Expenditures of Federal Awards represent all federal award programs and other grants with fiscal year 2011 cash or non-cash expenditures activities. For our single audit testing, we tested all federal award programs with 2011 cash and non-cash expenditures in excess of \$507,734 to ensure coverage of at least 25 percent of federally granted funds. Our actual coverage was 94 percent.

| <u>Major Program</u> | <u>CFDA Numbers</u> | <u>Federal Expenditures</u> |
|---|--|-----------------------------|
| Student Financial Aid Cluster | 84.007 84.033 84.063 84.268 84.375 | \$ 15,285,620 |
| TRIO-Student Support Services Adult Education - State Grant Program | 84.042 84.002 | 328,019 351,061 |
| Total | | <u>\$ 15,964,700</u> |

2. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

3. LOAN PROGRAMS

During the year ended June 30, 2011, the college processed the following amount of new loans under the Federal Direct Lending and Federal Family Education Loan Programs, which includes the Stafford and PLUS Loans. Since these programs are administered by outside financial institutions, new loans made during the fiscal year relating to these programs are considered current year expenditures in the Schedule of Expenditures of Federal Awards.

| <u>CFDA Number</u> | <u>Program Name</u> | <u>Loan Expenditures</u> |
|--------------------|------------------------------|--------------------------|
| 84.268 | Federal Direct Student Loans | \$ 6,542,132 |

HOWARD COMMUNITY COLLEGE

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

4. RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Total expenditures per the Schedule of Expenditures of Federal Awards reconciles to the College's basic financial statements for the year ended June 30, 2011, as follows:

| | |
|--|-----------------------------|
| Federal, state, local and other grants and contracts per the Statement of Revenue, Expenditures, and Changes in Net Assets | \$ 12,728,733 |
| Less: State grants and contracts | 1,533,191 |
| Local and other grants and contracts | 813,193 |
| Add: Loan disbursements not included in financial statements but on Schedule of Expenditures of Federal Awards | <u>6,542,132</u> |
| Total expenditures per Schedule of Expenditures of Federal Awards | <u><u>\$ 16,924,481</u></u> |

5. FINDINGS

There were no findings noted during the June 30, 2011 and 2010 single audits.

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section I - Summary of Independent Public Accountant's Results

Financial Statements

| | |
|---|---------------|
| Type of Independent Public Accountants' report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weakness (es) identified? | No |
| Significant deficiency (ies) identified? | None Reported |
| Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness (es) identified? | No |
| Significant deficiency (ies) identified? | None Reported |
| Type of Independent Public Accountants' report issued on compliance for major programs | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of Major Programs:

| Major Program | CFDA Numbers | Federal Expenditures |
|--|--|-----------------------------|
| Student Financial Aid Cluster | 84.007 84.033 84.063 84.268 84.375 | \$ 15,285,620 |
| TRIO-Student Support Services | 84.042 | 328,019 |
| Adult Education - State Grant Program | 84.002 | 351,061 |
| Threshold for distinguishing between Type A and B programs | | \$ 311,470 |
| Did the college qualify as a low risk auditee? | | Yes |

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section II - Financial Statement Findings

None Noted.

Section III - Federal Award Findings

None Noted.

HOWARD COMMUNITY COLLEGE

**Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010**

There were no audit findings that must be reported in accordance with OMB Circular A-133 for the year ended June 30, 2010.