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HOWARD COMMUNITY COLLEGE

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

For the Year Ended June 30, 2020



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JUNE 30, 2020

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Howard Community College

Report on the Financial Statements

We have audited the accompanying financial statements of 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., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of the College, as of June 30, 2020, and the respective changes in their financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Howard Community College's Proportionate Share of the Net Pension Liability – Maryland State Retirement and Pension Systems, the Schedule of Howard Community College's Contributions - Maryland State Retirement and Pension Systems, the Schedule of Howard Community College's Proportionate Share of Net OPEB Liability – Howard County Government- OPEB, and the Schedule of Howard Community College's Contributions – Howard County- Government OPEB, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and 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 the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.



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The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the College's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 29, 2020



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS
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, 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, 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, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 29, 2020.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal controls over financial reporting (internal controls) to determine the 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 controls. Accordingly, we do not express an opinion on the effectiveness of the College's internal controls.

A deficiency in internal controls 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 controls, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls 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 controls over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
September 29, 2020



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE**

To the Board of Trustees
Howard Community College

Report on Compliance for Each Major Federal Program

We have audited Howard Community College's (the College) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2020. The College's major Federal programs are identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major Federal programs based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the College's compliance.



Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of 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, 2020.

Report on Internal Controls over Compliance

Management of the College is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal controls over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal controls over compliance.

A deficiency in internal controls 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 controls over compliance* is a deficiency, or combination of deficiencies in internal controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls 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 controls over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Purpose of This Report

The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls 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.

Owings Mills, Maryland
February 23, 2021

SB & Company, LLC

HOWARD COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures	Amounts to Pass-Through Subrecipients
Direct Award				
U.S. Department of Education:				
Higher Education Emergency Relief Fund				
Emergency Financial Aid to Students Under the CARES Act	84.425E	P425E202312	\$ 989,400	\$ -
HCC - Institutional Portion of Emergency Relief Funds Formula Grant Under the CARES Act	84.425F	P425F200594	794,390	-
Total Higher Education Emergency Relief Fund			<u>1,783,790</u>	<u>-</u>
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants FY20	84.007	P007A191754	265,997	-
Federal Supplemental Educational Opportunity Grants FY19	84.007	P007A181754	(287)	-
Federal Supplemental Education Opportunity Grants am Sub-Total			<u>265,710</u>	<u>-</u>
Federal Direct Lending - FY20	84.268	P268K203052	6,430,070	-
Federal Direct Lending - FY19	84.268	P268K193052	67,810	-
Federal Direct Lending Sub-Total			<u>6,497,880</u>	<u>-</u>
Federal Work-Study Program FY20	84.033	P033A191754	205,864	-
Federal Work-Study Program FY19	84.033	P033A181754	(4,072)	-
Federal Work-Study Program Sub-Total			<u>201,792</u>	<u>-</u>
Federal Pell Grant Program - FY20	84.063	P063P193052	10,310,692	-
Federal Pell Grant Program - FY19	84.063	P063P183052	285,117	-
Federal Pell Grant Program - FY18	84.063	P063P173052	(5,920)	-
Federal Pell Grant Program - FY17	84.063	P063P163052	(2,908)	-
Federal Pell Grant Program Sub-Total			<u>10,586,981</u>	<u>-</u>
Total Student Financial Assistance Cluster			<u>17,552,363</u>	<u>-</u>
TRIO Cluster				
TRIO - Student Support Services - FY20	84.042A	P042A150779	340,169	-
TRIO - Student Support Services - FY19	84.042A	P042A150779	52,923	-
TRIO - Student Support Services - FY18	84.042A	P042A150779	(4,227)	-
Total TRIO Cluster			<u>388,865</u>	<u>-</u>
Total U.S. Department of Education			<u>19,725,018</u>	<u>-</u>
National Science Foundation:				
STEM Scholarships	47.076	1458149	63,434	-
NSF Audio Visual	47.076	1600754	71,910	-
NSF IUSE	47.076	1820903	30,495	-
StatPREP	47.076	1626337	9,705	-
Total National Science Foundation			<u>175,544</u>	<u>-</u>
Department of Defense:				
National Security Agency-Startalk - FY19-20	12.900	H98230-19-1-0188	80,650	-
Total Department of Defense			<u>80,650</u>	<u>-</u>
Total Direct Awards			<u>\$ 19,981,212</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

HOWARD COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (continued) For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures	Amounts to Pass-Through Subrecipients
Pass-Through Programs				
Department of Labor Licensing and Regulation:				
Pass-Through Maryland Department of Labor Licensing and Regulation:				
WIOA Adult, Youth, Dislocated Worker	17.258,17.278,17.259	CP-PY-19-001	\$ 30,466	\$ -
Adult Education - State Grant Program	84.002A	POOP0600066	301,324	-
Total Pass Through Maryland State Department of Labor Licensing and Regulation			331,790	-
U.S. Department of Education:				
Pass-Through Maryland State Department of Education				
Vocational Education - Basic Grants to State	84.048	200645	479,153	-
Vocational Education - Hospitality/Culinary	84.048	200654	4,419	-
Vocational Education - CPA	84.048	200654	7,853	-
Vocational Education - Web Curriculum	84.048	200654	12,472	-
Vocational Education Sub-Total			503,897	-
CCDF Cluster				
Child Care Career and Professional Development - Teacher Train	93.575	200796	181,493	-
Total CCDF Cluster			181,493	-
Total Pass-Through Maryland State Department of Education			685,390	-
Pass-Through American Association of Community Colleges:				
Expanding Community College Apprenticeships Initiative	17.285	AP-33025-19-75-A	23,721	-
Pass-Through University System of Maryland:				
US Dept of Education - First in the World	84.116F	P116F150201	8,859	-
Suicide Prevention & Early Intervention Network (SPIN) - FY19-20	93.243	1500351D	928	-
Total Pass-Through University System of Maryland			9,787	-
Pass-Through Howard University:				
National Science Foundation-LSAMP-				
Washington Baltimore Hampton Roads Alliance	47.076	1503192	731	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 21,032,631	\$ -

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Howard Community College (the College) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements subject to audit, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent Federal award programs for fiscal year 2020 with cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Actual coverage was 92% of total cash and non-cash Federal award program expenditures.

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.

The Federal awards programs tested for fiscal year 2020 are listed below.

<u>Major Programs</u>	<u>CFDA Numbers</u>	<u>Federal Expenditures</u>
Student Financial Assistance Cluster	84.007, 84.268, 84.033, 84.063	\$ 17,552,363
Higher Education Emergency Relief Fund - CARES Act	84.425E, 84.425F	1,783,790
		<u>\$ 19,336,153</u>

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, 2020 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance.

HOWARD COMMUNITY COLLEGE

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

3. LOANS OUTSTANDING

During the year ended June 30, 2020, 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 CFDA Number	Pass-Through Entity/ Identifying Number	Federal Expenditures
Federal Direct Lending - FY20	84.268	P268K193052	\$ 67,810
Federal Direct Lending - FY19	84.268	P268K203052	<u>6,430,070</u>
			<u>\$ 6,497,880</u>

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section I – Summary of Independent Public Accountants’ Results

Financial Statements

Type of Independent Public Accountants’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Independent Public Accountants’ report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Audit findings disclosed that are required to be reported in accordance with Section 200.516 of Uniform Guidance?	No

HOWARD COMMUNITY COLLEGE

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Identification of Major Programs:

<u>Major Programs</u>	<u>CFDA Numbers</u>	<u>Federal Expenditures</u>
Student Financial Assistance Cluster	84.007, 84.268, 84.033, 84.063	\$ 17,552,363
Higher Education Emergency Relief Fund - CARES Act	84.425E, 84.425F	1,783,790
		<u>\$ 19,336,153</u>

Threshold for distinguishing between
Type A and B programs \$ 750,000

Did the College qualify as a low risk
auditee? Yes

Section II – Financial Statement Findings

None noted.

Section III – Federal Awards Findings and Questioned Costs

None noted

HOWARD COMMUNITY COLLEGE

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2020**

There were no audit findings reported in the prior year audit for the year ended June 30, 2019.