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**HOWARD COMMUNITY COLLEGE  
REPORT ON SINGLE AUDIT  
YEAR ENDED JUNE 30, 2025**



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YEAR ENDED JUNE 30, 2025**

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**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, 2025. 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, 2025.

***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 item 2025-005. 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 the 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 item 2025-005 to be a significant deficiency.

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and the discretely presented component unit of Howard Community College as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements. We have issued our report thereon, dated November 5, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 and other records used to prepare the basic financial statements. The 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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
February 13, 2026

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity/Identifying Number</b>	<b>Amounts Passed to Subrecipients</b>	<b>Federal Expenditures</b>
<b><u>Student Financial Assistance Cluster</u></b>				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants FY24	84.007	P007A231754	\$ -	\$ 14,814
Federal Supplemental Educational Opportunity Grants FY25	84.007	P007A241754	-	337,401
Federal Direct Lending - FY24	84.268	P268K243052	-	104,043
Federal Direct Lending - FY25	84.268	P268K253052	-	3,658,358
Federal Work-Study Program FY25	84.033	P033A241754	-	267,260
Federal Pell Grant Program - FY24	84.063	P063P233052	-	265,209
Federal Pell Grant Program - FY25	84.063	P063P243052	-	11,939,355
Total Student Financial Assistance Cluster			-	16,586,440
<b>U.S. Department of Commerce</b>				
Direct Programs:				
Central Maryland Cyber Regional Alliance	11.620	70NANB24H311	-	37,607
Total U.S. Department of Commerce			-	37,607
<b>U.S. Department of Defense</b>				
Direct Programs:				
2024 Startalk	12.900	H98230-24-1-0089	-	62,781
2023 Startalk Student Program	12.900	H98230-23-1-0091	-	125,550
Total ALN 12.900			-	188,331
Passed Through Towson State University:				
MD Gencyber Coalition; Advancing Cybersecurity Education and Awareness	12.903	H980230-24-0068	-	33,222
Total U.S. Department of Defense			-	221,553
<b>U.S. Department of Labor</b>				
Passed Through Maryland Department of Labor:				
State Extension Apprenticeship Grant Hospitality Apprenticeship Program	17.285	HM-05	-	112,642
Total U.S. Department of Labor			-	112,642
<b>U.S. Department of Education</b>				
Direct Programs:				
Childcare Access Means Parents in School	84.335A	P335A230053	-	237,535
Passed Through Maryland State Department of Education:				
Perkins Formula	84.048A	250219	-	548,713
Perkins Formula -Prior Year	84.048A	240178	-	11,878
Total ALN 84.048			-	560,591
 ARP ESSER - Maryland Leads Partner Program - COVID 19	 84.425	 231947	 -	 16,842
Passed Through Maryland Department of Labor:				
Consolidated Adult Education and Literacy Services Program	84.002A	POOP5600166	-	620,508
Total U.S. Department of Education			-	1,435,476
<b>U.S. Department of the Treasury</b>				
Passed Through Howard County Government				
 Complete4Success Program - COVID 19	 21.027	 02-10-0-1150-0225/0227	 -	 832,931
Total U.S. Department of the Treasury			-	832,931
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 19,226,649</b>

See Notes to Schedule of Expenditures of Federal Awards.

**HOWARD COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

**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, 2025, 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, 2025, 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	\$ 104,043
Federal Direct Lending - FY25	84.268	P268K253052	3,658,358
			<u>\$ 3,762,401</u>

**NOTE 4 RECONCILIATION TO AUDITED FINANCIAL STATEMENTS**

Federal Grants per Audited Financial Statements	<u>\$ 15,464,247</u>
Direct Loans per Schedule of Federal Expenditures	3,762,401
Total Expenditures per Schedule of Federal Expenditures	<u>\$ 19,226,648</u>

**HOWARD COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2025**

**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, 2025**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     X     yes            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***

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

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, 2025**

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***Section II – Financial Statement Findings***

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**2025 – 001: Unrecorded Liabilities**

Type of Finding: Material Weakness in Internal Control over Financial Reporting

**Condition:** The College did not accrue certain liabilities incurred prior to year-end. These unrecorded liabilities were discovered through our review of subsequent disbursements and vendor payments made after year-end, which related to purchases and services received during the audit period. Generally Accepted Accounting Principles (GAAP) require that expenses and related liabilities be recorded in the period in which they are incurred, regardless of when payment is made. This ensures completeness and accuracy of financial reporting and compliance with accrual accounting standards. The College has not established adequate processes and controls to ensure timely and accurate capture of invoices at cutoff.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls to ensure fair presentation of its financial statements, in conformity with accounting principles generally accepted in the United States of America.

**Effect:** Several invoices near year-end were not properly recorded as accounts payable or county payable. During the audit, both corrected and uncorrected adjustments related to these payables were identified, indicating a risk of incomplete or misstated financial statements.

**Cause:** Howard Community College experienced unprecedented employee turnover during fiscal year 2025. Additionally, the different functions in the finance office were split into silos with limited cross-training. During this time, not only was there a loss of institutional knowledge, but also of written procedures, leaving employees to learn their roles on the job with little direction.

**Repeat Finding:** No

**Recommendation:** We recommend that the College establish standardized procedures by implementing clear and documented processes for accounts payable, including cutoff procedures. The College should also provide training to finance personnel on these procedures and emphasize the importance of timely and accurate financial reporting. In addition, regular reviews and supervisory reconciliations should be conducted to promptly identify and resolve discrepancies, and monitoring should be enhanced by considering automated alerts or reports to flag unrecorded liabilities near period-end.

**Views of responsible officials and planned corrective actions:** Management concurs with the auditor's finding. The College recognizes the importance of timely and accurate recognition of liabilities and agrees that stronger internal controls are needed to ensure compliance with Generally Accepted Accounting Principles (GAAP). During fiscal year 2026, the College will undertake the following corrective actions:

1. **Documented Procedures:** The Finance Office will develop and implement comprehensive written procedures for the accounts payable process, including clear cutoff procedures to ensure all expenses and liabilities are recorded in the correct fiscal period.

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

2. **Training and Cross-Training:** All accounts payable team members will receive training on the updated procedures, with an emphasis on identifying and recording year-end liabilities. Cross-training will be instituted to reduce process silos and ensure continuity of operations in the event of staff turnover.
3. **Supervisory Review and Reconciliation:** A monthly supervisory review process will be implemented to verify the completeness of accounts payable and to detect unrecorded liabilities prior to year-end close.

Management anticipates full implementation of these corrective actions by **June 30, 2026**, with periodic progress reviews conducted by the Controller and Associate Vice President of Finance.

**2025 – 002: Financial Closing Process**

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

**Condition:** The College experienced significant delays in the financial close process, primarily driven by high staff turnover. This disruption affected the timely preparation and reconciliation of financial statements and supporting documentation.

**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:** Frequent personnel changes have disrupted continuity, causing delays in the close process and late financial reporting. These challenges were compounded by gaps in standardized procedures and limited training for new team members. As a result, financial statements and audit documentation were not prepared or reconciled promptly, leading to late completion and filing of the audit with the Maryland Higher Education Commission.

**Cause:** Howard Community College experienced unprecedented employee turnover during fiscal year 2025. Additionally, the different functions in the finance office were split into silos with limited cross-training. During this time, not only was there a loss of institutional knowledge, but also of written procedures, leaving employees to learn their roles on the job with little direction.

**Repeat Finding:** Yes

**Recommendation:** We recommend that the College develop and implement standardized procedures for the financial close process to ensure consistency and efficiency across all reporting periods. In addition, the College should provide comprehensive training to finance staff on these procedures and emphasize the importance of timely financial reporting. Regular reviews and reconciliations of financial records should be conducted to promptly identify and resolve discrepancies.

**Views of responsible officials and planned corrective actions:** Management concurs with the auditors' finding. The College acknowledges that delays in the financial close process were primarily caused by extensive staff turnover and the resulting loss of institutional knowledge and procedural continuity. Management is committed to strengthening internal controls, improving the timeliness of financial reporting, and ensuring compliance with state of Maryland reporting requirements.

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

To address the underlying issues, the College will take the following corrective actions:

1. **Development of Standardized Close Procedures:** The Finance Office will develop and document comprehensive month-end and year-end close procedures, including detailed timelines, task assignments, and review protocols to promote consistency and accountability.
2. **Staff Training and Cross-Training:** Finance staff will receive formal training on the updated close procedures. Cross-training will also be implemented to ensure redundancy and mitigate risks associated with staff turnover or absences.
3. **Process Monitoring and Accountability:** Management will implement a close calendar with milestone tracking and supervisory sign-offs to monitor progress and ensure adherence to deadlines.
4. **Ongoing Oversight:** The Controller and Associate Vice President of Finance will conduct periodic reviews of close activities and timelines to ensure continuous improvement and timely submission of audited financial statements and the MHEC CC-4 report.

The College anticipates full implementation of these corrective actions by **June 30, 2026**, with interim improvements beginning in calendar year 2026 to ensure timely financial reporting.

**2025 – 003: Control Over Journal Entries**

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

**Condition:** The College lacks adequate control over the preparation and review of journal entries. We noted instances where entries were posted without proper supporting documentation or timely supervisory review, increasing the risk of errors or misstatements in the financial records.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls to ensure fair presentation of its financial statements, in conformity with accounting principles generally accepted in the United States of America.

**Effect:** Weaknesses in journal entry controls expose the College to potential inaccuracies in financial reporting, misclassification of transactions, and increased risk of fraud or unauthorized adjustments.

**Cause:** Howard Community College experienced unprecedented employee turnover during fiscal year 2025 including leadership positions in the finance office. During this time, not only was there a loss of institutional knowledge, but also of written procedures, leaving employees to learn their roles on the job with little direction.

**Repeat Finding:** No

**Recommendation:** We recommend that the College establish standardized procedures for journal entry preparation, approval, and posting to ensure consistency and accuracy. All entries should include appropriate supporting documentation before posting, and responsibilities for preparation and approval should be segregated among different individuals. Additionally, finance personnel should receive training on these procedures and the importance of internal controls. Regular supervisory reviews and reconciliations should be conducted to confirm compliance and accuracy.

**Views of responsible officials and planned corrective actions:** Management concurs with the finding. The College recognizes the importance of maintaining strong internal controls over journal entry preparation and review to ensure the accuracy and reliability of financial reporting.

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

To address this finding, the College will develop and implement formal written procedures outlining the requirements for journal entry preparation, supporting documentation, approval, and posting. These procedures will establish clear roles and responsibilities to ensure appropriate segregation of duties between the preparer and approver.

Additionally, the Business Office will conduct training sessions for all finance personnel to reinforce awareness of proper documentation standards and the importance of timely supervisory review. Management will also implement a periodic review process to verify that journal entries are being prepared, reviewed, and approved in accordance with the new procedures.

Lastly, the College will look to improve the functionality of Ellucian Colleague which can have the supporting documentation attached to the journal entry in the system and route to the appropriate manager for approval.

The College anticipates completing the development and implementation of these procedures by June 30, 2026. Ongoing monitoring will be conducted thereafter to ensure sustained compliance and continuous improvement in internal controls.

**2025 – 004: Inaccurate Information in the Payroll System**

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

**Condition:** The College did not have proper approval and documentation of salary information, which compromises the accuracy and integrity of payroll data.

**Criteria or specific requirement:** Management is responsible for establishing and maintaining internal controls to ensure fair presentation of its financial statements, in conformity with accounting principles generally accepted in the United States of America.

**Effect:** Undocumented salary changes may result in inaccurate payroll disbursements and could require subsequent manual corrections, increasing the risk of errors and inefficiencies.

**Cause:** Howard Community College experienced unprecedented employee turnover during fiscal year 2025 including the loss of all payroll staff in the finance office and the entire human resources department. During this time, not only was there a loss of institutional knowledge, but also of written procedures, leaving employees to learn their roles on the job with little direction.

**Repeat Finding:** No

**Recommendation:** We recommend that the College develop and implement standardized procedures and controls over the approval and documentation of payroll information. These procedures should ensure compliance with employment agreements and promote accurate financial reporting. Additionally, management should establish a review process to verify that all salary changes are properly authorized and documented before processing.

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

**Views of responsible officials and planned corrective actions:** Management concurs with the finding. The College acknowledges that staff turnover during fiscal year 2025 significantly impacted payroll operations and internal control processes. The College is committed to strengthening controls over payroll data to ensure accuracy, proper authorization, and compliance with institutional policies and accounting standards.

To address this issue, the College is in the process of rebuilding the Human Resources and Payroll teams with appropriately trained personnel. Management is developing comprehensive, written procedures that clearly define roles, responsibilities, and approval requirements for processing payroll information and salary changes. These procedures will include documentation standards to ensure that all adjustments are properly supported and authorized prior to entry into the payroll system.

Additionally, the College will implement a formal review and reconciliation process between the Human Resources and Payroll departments to confirm that all salary and personnel data are accurate and consistent with approved employment agreements. Training will be provided to all staff involved in payroll and HR operations to reinforce compliance with the new procedures and the importance of maintaining effective internal controls.

The College anticipates completing the documentation of new procedures and full implementation of the review process by June 30, 2026. Management will monitor the effectiveness of these controls on an ongoing basis to ensure sustained compliance and continuous improvement.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2025 – 005: 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, P063P243052, P268K243052, P268K253052

Award Period: July 1, 2024 – June 30, 2025

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).

**HOWARD COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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:** Enrollment status changes were either not reported to NSLDS within 60 days or did not match the College's records for a portion of the sampled students.

**Questioned Costs:** None

**Context:** In our statistically valid sample of 60 students, we found 16 cases where enrollment status changes were not reported to NSLDS within 60 days, and 4 cases where the students' status changes did not match between the College's records and NSLDS.

**Cause:** The College's internal controls did not identify the errors in compliance with the criteria mentioned above.

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

**Repeat Finding:** Yes

**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  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2025**



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Columbia, MD 21044-3197  
443-518-1000  
MD Relay 711  
HowardCC.edu

U.S. Department of Education

Audit period: July 1, 2024 – June 30, 2025

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**

**MATERIAL WEAKNESS**

**2025-001: Unrecorded Liabilities**

Condition: The College did not accrue certain liabilities incurred prior to year-end. These unrecorded liabilities were discovered through our review of subsequent disbursements and vendor payments made after year-end, which related to purchases and services received during the audit period. Generally Accepted Accounting Principles (GAAP) require that expenses and related liabilities be recorded in the period in which they are incurred, regardless of when payment is made. This ensures completeness and accuracy of financial reporting and compliance with accrual accounting standards. The College has not established adequate processes and controls to ensure timely and accurate capture of invoices at cutoff.

Recommendation: We recommend that the College establish standardized procedures by implementing clear and documented processes for accounts payable, including cutoff procedures. The College should also provide training to finance personnel on these procedures and emphasize the importance of timely and accurate financial reporting. In addition, regular reviews and supervisory reconciliations should be conducted to promptly identify and resolve discrepancies, and monitoring should be enhanced by considering automated alerts or reports to flag unrecorded liabilities near period-end.

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

Action taken in response to finding: Management concurs with the auditor's finding. The College recognizes the importance of timely and accurate recognition of liabilities and agrees that stronger internal controls are needed to ensure compliance with Generally Accepted Accounting Principles (GAAP). During fiscal year 2026, the College will undertake the following corrective actions:

1. Documented Procedures: The Finance Office will develop and implement comprehensive written procedures for the accounts payable process, including clear cutoff procedures to ensure all expenses and liabilities are recorded in the correct fiscal period.
2. Training and Cross-Training: All accounts payable team members will receive training on the updated procedures, with an emphasis on identifying and

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CORRECTIVE ACTION PLAN (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

recording year-end liabilities. Cross-training will be instituted to reduce process silos and ensure continuity of operations in the event of staff turnover.

3. Supervisory Review and Reconciliation: A monthly supervisory review process will be implemented to verify the completeness of accounts payable and to detect unrecorded liabilities prior to year-end close.

Name(s) of the contact person(s) responsible for corrective action: AJ Fischer, Associate Vice President of Finance and Richard Ryan, Controller.

Planned completion date for corrective action plan: Management anticipates full implementation of these corrective actions by **June 30, 2026**, with periodic progress reviews conducted by the Controller and Associate Vice President of Finance

**SIGNIFICANT DEFICIENCIES**

**2025-002: Financial Closing Process**

**Condition:** The College experienced significant delays in the financial close process, primarily driven by high staff turnover. This disruption affected the timely preparation and reconciliation of financial statements and supporting documentation.

**Recommendation:** We recommend that the College develop and implement standardized procedures for the financial close process to ensure consistency and efficiency across all reporting periods. In addition, the College should provide comprehensive training to finance staff on these procedures and emphasize the importance of timely financial reporting. Regular reviews and reconciliations of financial records should be conducted to promptly identify and resolve discrepancies.

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

**Action taken in response to finding:** Management concurs with the auditor's finding. The College acknowledges that delays in the financial close process were primarily caused by extensive staff turnover and the resulting loss of institutional knowledge and procedural continuity. Management is committed to strengthening internal controls, improving the timeliness of financial reporting, and ensuring compliance with State of Maryland reporting requirements.

To address the underlying issues, the College will take the following corrective actions:

**Development of Standardized Close Procedures:** The Finance Office will develop and document comprehensive month-end and year-end close procedures, including detailed timelines, task assignments, and review protocols to promote consistency and accountability.

**Staff Training and Cross-Training:** Finance staff will receive formal training on the updated close procedures. Cross-training will also be implemented to ensure redundancy and mitigate risks associated with staff turnover or absences.

**Process Monitoring and Accountability:** Management will implement a close calendar with milestone tracking and supervisory sign-offs to monitor progress and ensure adherence to deadlines.

**Ongoing Oversight:** The Controller and Associate Vice President of Finance will conduct periodic reviews of close activities and timelines to ensure continuous improvement and timely submission of audited financial statements and the MHEC CC-4 report.

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Name(s) of the contact person(s) responsible for corrective action: AJ Fischer, Associate Vice President of Finance and Richard Ryan, Controller.

Planned completion date for corrective action plan: The College anticipates full implementation of these corrective actions by **June 30, 2026**, with interim improvements beginning in calendar year 2026 to ensure timely financial reporting.

**2025-003: Control Over Journal Entries**

Condition: The College lacks adequate control over the preparation and review of journal entries. We noted instances where entries were posted without proper supporting documentation or timely supervisory review, increasing the risk of errors or misstatements in the financial records.

Recommendation: We recommend that the College establish standardized procedures for journal entry preparation, approval, and posting to ensure consistency and accuracy. All entries should include appropriate supporting documentation before posting, and responsibilities for preparation and approval should be segregated among different individuals. Additionally, finance personnel should receive training on these procedures and the importance of internal controls. Regular supervisory reviews and reconciliations should be conducted to confirm compliance and accuracy.

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

Action taken in response to finding: Management concurs with the finding. The College recognizes the importance of maintaining strong internal controls over journal entry preparation and review to ensure the accuracy and reliability of financial reporting.

To address this finding, the College will develop and implement formal written procedures outlining the requirements for journal entry preparation, supporting documentation, approval, and posting. These procedures will establish clear roles and responsibilities to ensure appropriate segregation of duties between the preparer and approver.

Additionally, the Business Office will conduct training sessions for all finance personnel to reinforce awareness of proper documentation standards and the importance of timely supervisory review. Management will also implement a periodic review process to verify that journal entries are being prepared, reviewed, and approved in accordance with the new procedures.

Lastly, the College will look to improve the functionality of Ellucian Colleague which can have the supporting documentation attached to the journal entry in the system and route to the appropriate manager for approval.

Name(s) of the contact person(s) responsible for corrective action: AJ Fischer, Associate Vice President of Finance and Richard Ryan, Controller.

Planned completion date for corrective action plan: The College anticipates completing the development and implementation of these procedures by June 30, 2026. Ongoing monitoring will be conducted thereafter to ensure sustained compliance and continuous improvement in internal controls.

**2025-004: Inaccurate Information in the Payroll System**

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YEAR ENDED JUNE 30, 2025**

Condition: The College did not have proper approval and documentation of salary information, which compromises the accuracy and integrity of payroll data.

Recommendation: We recommend that the College develop and implement standardized procedures and controls over the approval and documentation of payroll information. These procedures should ensure compliance with employment agreements and promote accurate financial reporting. Additionally, management should establish a review process to verify that all salary changes are properly authorized and documented before processing.

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

Action taken in response to finding: Management concurs with the finding. The College acknowledges that staff turnover during fiscal year 2025 significantly impacted payroll operations and internal control processes. The College is committed to strengthening controls over payroll data to ensure accuracy, proper authorization, and compliance with institutional policies and accounting standards.

To address this issue, the College is in the process of rebuilding the Human Resources and Payroll teams with appropriately trained personnel. Management is developing comprehensive, written procedures that clearly define roles, responsibilities, and approval requirements for processing payroll information and salary changes. These procedures will include documentation standards to ensure that all adjustments are properly supported and authorized prior to entry into the payroll system.

Additionally, the College will implement a formal review and reconciliation process between the Human Resources and Payroll departments to confirm that all salary and personnel data are accurate and consistent with approved employment agreements. Training will be provided to all staff involved in payroll and HR operations to reinforce compliance with the new procedures and the importance of maintaining effective internal controls.

Name(s) of the contact person(s) responsible for corrective action: AJ Fischer, Associate Vice President of Finance and Richard Ryan, Controller.

Planned completion date for corrective action plan: The College anticipates completing the documentation of new procedures and full implementation of the review process by June 30, 2026. Management will monitor the effectiveness of these controls on an ongoing basis to ensure sustained compliance and continuous improvement.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDIT**

U.S. Department of Education

2025-005: Special Tests and Provisions – NSLDS Enrollment Reporting

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

Condition: Enrollment status changes were either not reported to NSLDS within 60 days or did not match the College's records for a portion of the sampled students.

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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. The Institution acknowledges that while reporting was completed within a timely manner by HCC, NSC did not update within the time allotted to be compliant. HCC remains committed to continuous improvement and compliance.

**Action taken in response to finding:** As noted in the prior year's response, the College committed to full implementation of corrective actions by **June 30, 2026**, aligned with the conclusion of the 2025–2026 academic year. The institution is currently and actively working on the corrective action plan previously submitted.

Actions underway or in progress include:

Formal clarification of interdepartmental roles and responsibilities, establishing the Records, Registration and Veteran's Affairs (RRVA) as the primary enrollment reporting authority, with defined review and compliance support from Financial Aid Services.

Enhanced reconciliation and quality control procedures, including routine cross-checks between RRVA and Financial Aid Services records prior to each enrollment reporting submission.

Standardized review protocols for program-level enrollment changes, including graduates, withdrawals, and subsequent reenrollments in different academic programs.

Ongoing monitoring and documentation of NSC errors and warning reports, with timely resolution and escalation when discrepancies appear to originate outside of the College's student information systems.

Targeted training for RRVA and Financial Aid staff on enrollment reporting regulations, NSLDS requirements, and audit-risk mitigation.

The College believes these actions, coupled with existing reporting practices, sufficiently address the concerns raised and will further strengthen enrollment reporting accuracy and documentation. Full implementation of the corrective action plan remains on schedule for completion by June 30, 2026, as originally committed.

**Name(s) of the contact person(s) responsible for corrective action:** Detra Hooper, Financial Aid Director and Jessica Peterson, Registrar

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.



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