

Single Audit
Reporting
Package

June 30,
2023

HACC



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

Board of Trustees
Harrisburg Area Community College
Harrisburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Harrisburg Area Community 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 Harrisburg Area Community College's major federal programs for the year ended June 30, 2023. Harrisburg Area Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harrisburg Area Community 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, 2023.

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; 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* 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harrisburg Area Community 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 Harrisburg Area Community College's compliance with the compliance requirements referred to above.

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 Harrisburg Area Community College's federal programs.

Auditor's 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 Harrisburg Area Community 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 generally accepted auditing standards, 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 Harrisburg Area Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Harrisburg Area Community 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 Harrisburg Area Community 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 Harrisburg Area Community 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 other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. 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 Harrisburg Area Community College's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Harrisburg Area Community College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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 Harrisburg Area Community College's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Harrisburg Area Community College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of Harrisburg Area Community College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Harrisburg Area Community College's basic financial statements. We issued our report thereon dated November 17, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion 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 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.

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.

Smith & Gott Reams Company, LLC

Chambersburg, Pennsylvania

March 15, 2024, except for our report on the
Schedule of Expenditures of Federal Awards for
which the date is November 17, 2023

HARRISBURG AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Total Passed- Through to Subrecipients	Cash Receipts/ (Repayments)	Accrual Basis Expenditures
U.S. DEPARTMENT OF EDUCATION					
Education Stabilization Fund					
COVID-19 - Higher Education Emergency Relief Fund - Student Portion	84.425E	N/A	\$ -	\$ 44,022	\$ (38,461)
COVID-19 - Higher Education Emergency Relief Fund - Institutional Relief	84.425F	N/A	-	11,929,951	461,824
Passed through Pennsylvania Department of Education					
COVID-19 - Governors Emergency Education Relief Fund II	84.425C	257-21-007	-	1,188,187	215,746
Total Education Stabilization Fund			-	13,162,160	639,109
Student Financial Aid Cluster					
FSEOG Program	84.007	N/A	-	1,000,601	972,360
FWS Program	84.033	N/A	-	126,537	108,134
PELL Program	84.063	N/A	-	17,371,442	17,549,101
Direct Student Loan Program	84.268	N/A	-	27,739,713	28,622,718
Total Student Financial Aid Cluster			-	46,238,293	47,252,313
Passed through Pennsylvania Department of Education					
Vocational Educational Grants Perkins III	84.048A	FA-381-22-0006	-	88,721	-
Vocational Educational Grants Perkins III	84.048A	FA-381-22-0008	-	1,163,264	1,137,477
Total Vocational Educational Grants Perkins III			-	1,251,985	1,137,477
Passed through Tri-County Opportunities Industrialization Center, Inc.					
Adult Basic Education	84.002	064-22-0030A	-	67,772	64,243
Total U.S. Department of Education			-	60,720,210	49,093,142
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
AmeriCorps	94.006	N/A	-	20,118	17,969
U.S. DEPARTMENT OF LABOR					
Passed through Pennsylvania Department of Labor and Industry					
Trade Adjustment Assistance	17.245	TC-22519-11-60-A-42	-	29,382	29,383
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Pennsylvania Department of Human Services					
Administration for Children and Families - Keystone Education Yields Success (KEYS)	93.558	SAP 410008087	-	327,533	331,492
Passed through Shippensburg University					
Strengthening and Aligning Higher Education Systems for Early Care and Education Professions	93.434	PTE 90TP0038	-	243,257	262,193
Total U.S. Department of Health and Human Services			-	570,790	593,685
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Pennsylvania Department of Human Services					
Supplemental Nutrition and Assistance Program (SNAP) - Keystone Education Yields Success (KEYS)	10.561	SAP 410008087	-	352,005	351,475
COVID-19 - SNAP - State American Rescue - Keystone Education Yields Success (KEYS)	10.561	SAP 410008087	-	431,955	481,011
Total U.S. Department of Agriculture			-	783,960	832,486
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through the City of Philadelphia					
PA Urban Search and Rescue Task Force	97.025	PA-TF-1	-	397,007	272,337
NATIONAL SCIENCE FOUNDATION					
Passed through Jefferson Community College and Technical College					
Geospatial Tech Center of Excellence: Growing the Workforce	47.076	DUE-1700496-HACC	-	19,072	40,557
Total Federal Financial Assistance			\$ -	\$ 62,540,539	\$ 50,879,559

HARRISBURG AREA COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

NOTE 1 GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the federal financial assistance programs of the Harrisburg Area Community College (the College). Financial awards received directly from federal agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included in the schedule.

NOTE 2 BASIS OF PRESENTATION/ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal awards activity of the College and the expenditures recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The Schedule of Expenditures of Federal Awards presents only a selected portion of the activities of the College. It is not intended to, and does not, present either the financial position, changes in net position, or cash flows of the College. The financial activity for the aforementioned awards is reported in the College's statement of revenues, expenses, and changes in net position. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards, due to grant or contract budget limitations.

NOTE 4 FEDERAL DIRECT STUDENT LOANS

The College is only responsible for the performance of certain administrative duties and is not considered the lender with respect to the student loan programs, and accordingly, these loans are not included in its financial statements and it is not practical to determine the balance of loans outstanding to students and former students of the College under these programs. The amount reported on the Schedule of Expenditures of Federal Awards represents new loan advances during the year.

NOTE 5 INDIRECT COST RATE

The College has not elected to use the 10% de minimus indirect cost rate for its federal programs.

HARRISBURG AREA COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditor's report issued on compliance for major programs: **Unmodified**

- Any audit compliance findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516? Yes No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.007	FSEOG Program
84.063	PELL Program
84.033	FWS Program
84.268	Direct Student Loan Program
84.048A	Vocational Educational Grants Perkins III
10.561	Supplemental Nutrition and Assistance Program (SNAP)

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

HARRISBURG AREA COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section II – Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None Noted

B. Compliance Findings

None Noted

Section III – Federal Findings and Questioned Costs

Finding Reference: 2023-001
Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control over Compliance and Noncompliance

Criteria: Institutions are required to report enrollment information under the Pell grant and the Direct loan programs via the National Student Loan Data System (NSLDS).

Statement of Condition: Two student’s enrollment changes were not properly reported to NSLDS and this was not initially addressed by the College. Seven students enrollment changes were not timely reported. These students were enrolled during the Spring 2023 semester and the changes were not reported to NSLDS until September 2023, beyond the 60 day reporting requirement.

Statement of Cause: Unknown

Possible Asserted Effect: The College may not in compliance with reporting required to NSLDS in all circumstances.

Questioned Costs: None noted.

Context: A sample of 25 students were selected for enrollment testing and 9 students were identified with reporting errors.

Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the College ensure all error reports are reviewed and followed up on timely to ensure students information is being properly reported to NSLDS. Additionally, we recommend the college review its policies and procedures and training processes to ensure reporting is happening in a timely manner.

HARRISBURG AREA COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section III – Federal Findings and Questioned Costs (Continued)

*Views of Responsible
Officials and Planned
Corrective Actions:*

The College acknowledges the discrepancies in reporting. These discrepancies were the result of employee turnover and lack of sufficient training. The specific discrepancies will be corrected, and the College will outline a Corrective Action Plan to address the issues going forward.

Finding Reference: 2023-002
Federal Agency: U.S. Department of Education
Federal Program: Student Financial Aid Cluster
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control over Compliance and Noncompliance

Criteria: Institutions are required to report the website (URL) to the Department of Education that explains where students can obtain information concerning the outside organization that is processing refunds for the institution. This is published in the cash management contracts database.

Statement of Condition: The URL noted above was not reported to the Department of Education for publication in the cash management contracts database.

Statement of Cause: The College was not aware of this reporting requirement.

Possible Asserted Effect: The College is not in compliance with reporting required to the Department of Education.

Questioned Costs: None noted.

Context: N/A

Recommendation: We recommend that the College ensure the URL is reported to the Department of Education for publication in the cash management contracts database. Additionally, we recommend the College review reporting requirements and processes to ensure any new requirements are addressed in a timely fashion.

*Views of Responsible
Officials and Planned
Corrective Actions:*

Management acknowledges and agrees with the findings. On February 15, 2024 HACC filed its contract URL with the Department of Education per 34 CFR 668.164(e)(2)(viii).



Summary Schedule of Prior Audit Findings Year Ended June 30, 2022

Findings related to Financial Statements:

Finding 2022-001

Condition: GASB 87 – Leases was implemented during the current fiscal year. This standard requires significant changes to the accounting and financial reporting for leases contracts. The implementation process required the utilization of new software and significant implementation time and resources and for the College. During the process of the audit and review of lease information, significant adjustments and recalculations were necessary to correct the presentation of the lease information.

Status: Management has been working toward additional training and staff involvement in the GASB 87 standard and the implementation of the new GASB 96 standard. While this still takes significant time and attention, we have a greater understanding of what all is needed in order to adopt a new standard and maintain it going forward. Management worked on a realignment plan over the last year and is in the process of hiring one new staff member to assist with such implementations and ongoing reporting. While the resources are still in process we have made great strides at improvement. Management has engaged with an external consulting firm to streamline our processes and create policies and procedures that will help us ensure better reporting going forward.

Finding 2022-002

See finding 2022-003



Summary Schedule of Prior Audit Findings Year Ended June 30, 2022

Findings related to Federal Awards:

Finding 2022-003

Condition: Potential noncompliance was identified by the College. It is possible there are students enrolled in ineligible programs.

Status: The College has created an extensive process to prevent students in ineligible programs from qualifying for and receiving federal financial aid. This process is outlined in our Corrective Action Plan. No additional findings were reported in the current year.

Finding 2022-004

Condition: One student's enrollment changes were not properly reported to NSLDS and that was not initially addressed by the College.

Status: This particular error was rectified in April 2023 and did not repeat, however, we had additional reporting errors related to NSLDS, see Finding 2023-001.

Specific steps to correct the deficiency will be outlined in the Corrective Action Plan.