



Howard County, Maryland
Office of the County Auditor

Community Services Partnership Grant Program Audit Report

December 5, 2025

Table of Contents

I.	Transmittal Letter	3
II.	Background	4
III.	Executive Summary	5
IV.	Objective.....	5
V.	Scope, Approach, Methodology	5
VI.	Results	7
VII.	Conclusion.....	11



THE HOWARD COUNTY GOVERNMENT

Office of the County Auditor

MEMORANDUM

December 5, 2025

Memo To: The Honorable Members of the County Council
The Honorable Dr. Calvin Ball, County Executive

From: *Chris Ashman*
Chris Ashman, CPA, CIA
County Auditor

Subject: Community Services Partnership Grant Program Audit

Pursuant to Section 212 of the Howard County Charter and Council Resolution 22-1985, the Office of the County Auditor conducted an audit of the Community Services Partnership Grant Program. Please find enclosed the audit report which contains the findings and recommendations, and outlines the scope, approach, and methodology we applied in conducting the audit.

Our findings have been reviewed with the Chief Administrative Officer, and we have included the Administration's responses. We wish to express our gratitude to the management and staff of the Department of Community Resources and Services, and the Office of Community Services Partnership for the cooperation and assistance extended to us during the course of the engagement.

CC: Council Administrator
Brandee Ganz, Chief Administrative Officer
Jacqueline R. Scott, Director, Department of Community Resources and Services
Rafiu Ighile, Director, Department of Finance
Patrick Pope, Assistant Chief Administrative Officer, County Administration
Gary Kuc, County Solicitor, Office of Law

II. Background

The Department of Community Resources and Services (DCRS), established in 1975 as the Bureau of Citizens Services, provides an array of social services to residents of Howard County. It serves as the County's central coordinating unit for human trafficking prevention, manages the Community Service Partnership (CSP, or the office) program, which provides County funding to non-profit human service agencies; and administers Federal, State and private source grants that support services to individuals and families in the community, including older adults, children and youth, and persons impacted by the opioid crisis.

The mission of DCRS is to ensure that residents have access to critical resources and programs that advance their wellbeing, growth, and dignity. The Office plays a key role in coordinating the activities of several human service agencies within the County that seek to aid individuals to achieve self-sufficiency.

CSP administers the County's Community Services Partnership Grant Program as part of its efforts to collaborate with nonprofits to equitably meet basic needs and to foster safety, security, and well-being for Howard County residents. There are two levels of focus for the CSP Grant Program: Level I – basic human needs, which seeks to address issues related to hunger, nutrition, homelessness, and health; and Level II – safety and security needs, which targets issues around security and personal advancement including safe and stable housing, personal safety, legal aid, jobs skills development, healthy aging, and family and community resiliency. The types of grants are further categorized into core support grants and program grants. Core support grants provide funding for administrative and operating expenses covering day-to-day operations and long-term organizational sustainability. Program grants are divided into three groups: safety, security, and wellbeing (SSW); human service transportation (HST); and emerging needs and opportunities (ENO).

There is a high degree of public sensitivity to the office's operations given its mission to provide essential services to vulnerable segments of the County's population. There is also significant sensitivity resulting from the number of Federal, State, and private source grants that are received and administered through the office.

Risks are directly linked and are commensurate with the established objectives of the office. These risks are outlined as follows: lack of compliance with terms of grant funding; inability to exercise adequate oversight over internal operations and community partners activities; inappropriate expenditure or questioned costs incurred; and annual reporting requirements not being satisfied.

III. Executive Summary

We conducted an audit of the CSP Grant Program to evaluate the internal controls around the grant administration operations. In performing the audit, we gained an understanding of the workflow and processes related to grant application, grant disbursement, grant reporting, and grant oversight activities by Management. We interviewed management personnel and staff, and examined key supporting documentation, and executed walkthroughs of selected processes. We also carried out testing procedures that provided insight into the adequacy of the internal controls design and the operating effectiveness of those internal controls.

Our walkthrough and testing procedures yielded the finding that while Management had demonstrated a keen interest in ensuring that there was continuity in the grant programs, there had been a significant reliance on institutional practices and procedures without the adequate formal documentation of those procedures. This created an environment where grantee oversight and grant administration was sub-optimal as this condition did not allow for the proper identification and application of key controls to address the inherent risks associated with grant activities.

We also noted where disbursements made were not in accordance with the terms of the agreement, specifically with respect to the grantee identified. This underscores the weaknesses in the internal control design and the deficiencies in Management oversight activities around grant administration.

IV. Objective

The objectives of the audit were to determine whether adequate controls had been implemented over the administration and monitoring of grant agreements, and whether the parties to the grant agreements complied with the terms and provisions.

V. Scope, Approach, Methodology

The audit focused on the grant management operations and processes executed by CSP for the Fiscal Years 2021 and 2022. Processes covering grant application, grant disbursement, grant reporting and grant oversight activities were the subject of review, inquiry, and testing procedures conducted to gain assurance on the adequacy of the internal controls pursuant to the audit objectives.

We conducted this performance audit in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We determined that the nature, timing, and scope of the audit procedures included but were not limited to:

- a. Substantive testing, transaction testing, observation, inquiry, and analytical procedures
- b. Determined the audit sample size
- c. Correlated risk with nature, timing, and extent of testing
- d. Designed multipurpose tests with a common sample to test several different controls and specific accounts or transactions

We planned the audit to reduce the audit risk to an acceptably low level. Planning was a continuous process throughout the audit. To address our audit objectives, we collected and reviewed key supporting documents containing suitable criteria and analyzed data relevant to our audit objectives. We also performed the following procedures:

- a. Attempted to obtain copies of policies, procedures, and other guidance relevant to the department/program activities and conducted reviews to gain an understanding of the processes and key controls as it relates to the audit objective.
- b. Reviewed laws, regulations, contracts and agreements applicable to the operations of the department/program to evaluate requirements and performance targets, expectations, and milestones.
- c. Assessed the internal controls the department has in place to manage and monitor the program activities. Specifically, we determined whether all five components of the standards for internal control in the County Government were significant to our audit objective: control environment, risk assessment, control activities, information and communication, and monitoring. We developed our audit plan to assess each of these control areas in determining how effectively the department manages the program oversight.
- d. Obtained and analyzed data and reports used by the department to monitor and evaluate the effectiveness of the program oversight activities. We performed population validation procedures to assess the reliability of the data we received. We determined that the data provided was sufficiently reliable for the purposes of our audit.

- e. Conducted interviews and walkthroughs with the department leadership and staff connected with the program activities in order to gain an understanding and assess the adequacy of internal controls.
- f. Selected samples and performed testing procedures to evaluate the proper design and operating effectiveness of the internal controls over program monitoring and oversight.

Management is responsible for establishing and maintaining effective internal controls. Due to inherent limitations in internal controls, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

VI. Results

Finding 1: Lack of Grant Administration Standard Operating Procedures (SOPs)

Condition

Management did not have in place documented policies and standard operation procedures (SOPs) governing the grant award and grant administration operations, including Management's grantee performance monitoring measures. Management provided representation describing the different phases of the grant award and grant administration processes encompassing the application, payments, reporting, modification, and close out activities. However, there was no documentation provided on how these processes were to be performed, and which included the identification and description of the associated internal controls, particularly those pertaining to Management's oversight of the grantee performance pursuant to the terms of the grant agreement.

Criteria

Public sector and industry best practice dictates that the County agency establishes SOPs covering its grant administration operations which form the basis for its internal controls activities. The County agency is also a pass-through recipient for Federal grant funds which enjoins upon it the requirement to comply with the Office of Management and Budget (OMB) *Code of Federal Regulation* (CFR) Title 2, Part 200 (Uniform Guidance) with respect to grant management and oversight.

§ 200.303 Internal controls.

The recipient and subrecipient must: (a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable

assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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).

Cause

Management has placed significant reliance on institutional practices and on policies and procedures that have not been formally documented.

Effect

With no documented SOPs in place, CSP has no formalized internal controls over its grant administration operations which may result in negative financial, legal, and reputational risk outcomes. The entity will fail to have adequate management oversight over its grantee’s performance, which may impact the strategic and operational objectives of the grant award being met. This creates a scenario where proper financial management procedures are not being developed and deployed to ensure that the effective safeguarding of assets is in place, and to verify that grant funds are being disbursed and spent in accordance with the terms of the grant agreement. The timeliness of the disbursement of the grant funds may also be impacted negatively which may impede the grantee’s ability to execute its mission properly.

This condition also engenders poor accountability since roles and responsibilities related to the grant award and administration processes are not adequately defined and captured in a narrative or graphic workflow. Consequently, there may be inefficiencies in the office’s operations with the absence of clearly identified internal controls designed to aid in the execution of the grant oversight activities pursuant to the mission of the organization and the specific goals of the grant award.

The absence of internal controls documentation may create gaps in institutional knowledge and facilitate inadequate training of officers and staff of the agency, which may lead to an increase in the frequency of and the magnitude of errors made.

Recommendation

Management should establish formal SOP documentation governing its grant award and grant administration operations. The SOP should be predicated on, and reflect elements of

Federal, State, and County code and regulation with respect to grants. The SOPs should describe in detail the processes and internal controls surrounding the grant operations. It should provide direction with respect to the different phases of the grant process including pre-award and post award activities and clearly outline management oversight responsibilities with respect to the grantee operations including the review and approval of grant reports and financial accountability documentation submissions by the grantee.

Administration's Response

The Department concurs with the finding. The Department acknowledges that formal Standard Operating Procedures (SOP) governing grant award and administration processes are not yet in place. The Department agrees that written SOPs are essential to ensure consistent practices, strengthen internal controls, and promote compliance with applicable Federal, State, and County requirements.

The Department has already drafted SOPs for its grant operations under the Community Services Partnership (CSP) Program. These SOPs will document policies and procedures for all phases of the grant lifecycle, including pre-award, award, post-award monitoring, and closeout. The SOPs will also delineate staff responsibilities, management oversight functions, and internal control measures related to grantee performance and fiscal accountability.

Finding 2: Grant disbursements were made to a payee that was not the grantee identified in the grant agreement.

Condition

We noted instances where grant payments were made to an individual instead of to the grantee as stipulated in the grant agreement. Grant award payments, which are to be made in accordance with the disbursement schedule contained in the executed grant agreement, and dictated by the dollar amounts of the awards, were selected on a sample basis across varied payment frequencies (monthly, quarterly, and semi-annually). Of the six samples selected, we found two with a monthly disbursement frequency, for which the payments as reported in the enterprise financial system were made to an individual employed at the grantee agency. Upon further inquiry and review, we determined that the payee was also set up in the enterprise financial management system as a vendor.

Criteria

The executed grant agreement stipulates that all disbursements are to be made directly to the grantee.

Cause

Based on our review of the payment samples selected, the testing procedures performed, further inquiry with Management, and the walkthrough conducted, we noted that this issue arose due to the inadequate grant award payment controls in place and Management not applying proper oversight to ensure that payments are made in accordance with the grant agreement. We also noted that the payee, who is an employee of the grantee agency, had a vendor account in the enterprise financial management system; a condition which facilitated errors being made in the grant award disbursement process.

Effect

Disbursements made to a recipient, who is not the grantee named in the grant agreement, may result in the funds not being used for the purposes and objectives of the grant. Pass through transactions via an intermediary may also result in misuse of funds, or delays in the grantee receiving the funds per the disbursement schedule to support their mission and operating objectives.

Recommendation

Grant award payments should be made to the grantee agency in accordance with the grant agreement. Management should implement controls to ensure that prior to the payment, the payee information is properly reviewed and verified against the payee information in the grant agreement. Management should also perform a review of the payment as recorded in the enterprise financial management system to confirm that what is recorded is consistent with the actual transaction particularly as it relates to the payee.

Administration's Response

The Department concurs with this finding. The Department recognizes the importance of ensuring that all grant award payments are made in strict accordance with the terms of the grant agreement and that payee information is accurate and verified prior to payment processing. Once this issue was identified, the Department confirmed that, despite the error, the payments in question were successfully received by the intended grantee.

To address this recommendation, beginning in FY26 the Department has implemented several control measures to strengthen verification procedures. For the Community Services Partnership (CSP) Program, vendor information in SAP will be verified at the beginning of each new grant year to confirm that the vendor name and address align with the executed grant agreement. Additionally, for all Department-administered grants, vendor information will be verified at two points in the payment process: first, upon payment entry in SAP, and again at the Department-level approval stage.

If any discrepancies are identified, the Department will coordinate with the vendor and the Office of Purchasing to update and correct the information before payment is processed. These measures will help ensure accuracy, consistency, and compliance with County fiscal and procurement standards.

VII. Conclusion

Based on the results of the procedures performed, we have determined, for the audit periods under review, that the Office of Community Services Partnerships need to improve the internal controls over the administration and monitoring of the grant program, and to ensure that parties to the grant agreements comply with the terms and provision of those agreements.