

**MONTGOMERY COLLEGE
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2020**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Montgomery College
Rockville, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Montgomery College (the College), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2020.

The financial statements of Montgomery College Foundation, Inc., the discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or reportable noncompliance associated with Montgomery College Foundation, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 30, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Montgomery College
Rockville, Maryland

Report on Compliance for Each Major Federal Program

We have audited Montgomery College's (the College) compliance with the types of compliance requirements described 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, 2020. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The College's basic financial statements include the operations of Montgomery College Foundation, Inc., a discretely presented component unit. Federal awards received, if any, by the discretely presented component unit are not included in the College's schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the discretely presented component unit because it did not receive federal awards.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The College's responses to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the 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 discretely presented component unit of the College as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 30, 2020, 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 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
March 22, 2021

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Programs				
Student Financial Aid Cluster				
Federal Pell Grant	84.063	N/A	\$ -	\$ 24,229,010
Federal Supplemental Educational Grant	84.007	N/A	-	797,805
Federal Work Study	84.033	N/A	-	596,233
Federal Direct Loans	84.268	N/A	-	11,074,863
Total Student Financial Aid Cluster			-	36,697,911
TRIO Cluster				
Student Support Services Program	84.042	P042A101204	-	274,221
Educational Opportunity Centers Program	84.066	P066A160184	-	237,849
Total TRIO Cluster			-	512,070
COVID-19 Higher Education Emergency Relief Funds (HEERF)				
HEERF Student Aid Portion	84.425E	P425E202618	-	2,667,000
HEERF Institutional Portion	84.425F	P425F203423	-	711,034
Total HEERF			-	3,378,034
Total Direct Programs			-	40,588,015
Passed Through State Department of Education				
Title IC Program Improvement	84.048	201042	-	421,999
Title IC Program Improvement	84.048	190769	-	1,885
Total Passed Through State Department of Education			-	423,884
Child Care & Professional Development Fund Cluster				
Child Care & Professional Development Fund	93.575	200795	-	144,013
Total Child Care & Development Cluster			-	144,013
Total Passed Through State Department of Education			-	567,897
Passed Through Maryland Department of Labor, Licensing, and Regulation				
Consolidated Adult Education & Family Literacy	84.002	P00P0600060	-	1,825,553
Consolidated Adult Education & Family Literacy	84.002	P00P9400416	-	5,644
Total Passed Through Maryland Department of Labor, Licensing, and Regulation			-	1,831,197
Passed Through University System of Maryland				
First in the World	84.116	P116F150201-2016-8	-	57,687
Total Passed Through University System of Maryland			-	57,687
Total U.S. Department of Education			-	43,044,796
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
FY2019 Citizenship and Integration Direct Services Grant Program	97.010	19CICET00099	-	96,201
FY2017 Citizenship and Integration Direct Services Grant Program	97.010	17CICET00035	-	29,186
Total U.S. Department of Homeland Security			-	125,387
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)				
Passed Through Maryland Emergency Management Agency (MEMA)				
Maryland Public Assistance grant	97.036	FEMA-4491-DRMD	-	91,682
Total Federal Emergency Management Agency (FEMA)			-	91,682

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Federal Expenditures
RESEARCH & DEVELOPMENT (R&D) CLUSTER				
NATIONAL SCIENCE FOUNDATION				
Direct Programs				
Achieving Community College Excellence, Success and Scholarship (ACCESS) in Engineering and Computer Science	47.076	DUE-1458093	\$ -	\$ 158,388
Montgomery College Noyce: Excellent Teachers for STEM (NEXT-STEM)	47.076	DUE-1555634	-	121,596
Collaborative Research: Community Sourcing Introductory Physics for Life Sciences	47.079	DUE-1624158	-	22,164
Collaborative Research: Institutional and Community Transformation for Teaching and Learning Quantitative Reasoning in the Biological Sciences	47.076	DUE-1821169	-	40,780
Total Direct Programs			-	342,928
Passed Through University of Maryland Baltimore County				
UMBC CyberCorps Program Renewal and Building Research-Based SFS Relationships between Community Colleges and Four Year Schools	47.076	12684-01	-	36,388
Total Passed Through University of Maryland Baltimore County			-	36,388
Passed Through BioQUEST Curriculum Consortium				
RCN-UBE: Quantitative Biology at Community Colleges	47.074	1919613-1	-	24,254
Total Passed Through BioQUEST Curriculum Consortium			-	24,254
Total National Science Foundation			-	403,570
U.S. DEPARTMENT OF COMMERCE (NIST)				
Direct Programs				
PREP Gaithersburg	11.620	70NANB18H163	-	212,113
Total U.S. Department of Commerce			-	212,113
Total R&D Cluster			-	615,683
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Maryland Department of Human Resources				
Vocational training and Employment Services	93.584	FIA/VTES-20-481	-	201,105
Targeted Assistance Program	93.584	FIA/TAP-19-481	-	90,616
English as a Second Language Training Program for Refugees	93.566	FIA/ESOL-20-484	-	66,937
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-19-484	-	16,655
Total Passed Through Maryland Department of Human Resources			-	375,313
Passed Through Howard University				
HU Centers of Excellence	93.157	Letter dated 2/14/2020	-	1,000
HU National Workforce Diversity Pipeline (NWDP)	93.137	Letter dated 2/13/2020	-	1,000
Total Passed Through Howard University			-	2,000
Total Department of Health and Human Services			-	377,313
U.S. DEPARTMENT OF LABOR				
Direct Programs				
H-1B TechHire Partnership Grants	17.268	HG-29354-16-60-A-24	-	1,421,361
America's Promise Job Driven Grant Program	17.268	HG-30135-17-60-A-24	350,513	2,109,276
Total Department of Labor			350,513	3,530,637
Total Expenditures of Federal Awards			\$ 350,513	\$ 47,785,498

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Montgomery College (the College) for the year ended June 30, 2020. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, change in net position or cash flows of the College.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

(B) Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 LOAN PROGRAMS

During the year ended June 30, 2020, the College processed the following amount of new loans under the Federal Direct Lending Program. Since this program is administered by outside financial institutions, new loans made during the fiscal year relating to this program are considered current year expenditures in the schedule.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Loan Expenditures</u>
84.268	Federal Direct Lending	\$11,074,863

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	___	Yes	X	No
Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es).	___	Yes	X	None Reported
Noncompliance material to financial statements noted?	___	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	___	Yes	X	No
Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es).	X	Yes	___	None Reported
Type of auditors’ report issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	Yes	___	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Student Financial Aid Cluster	
Federal Pell Grant	84.063
Federal Supplemental Educational Grant	84.007
Federal Work Study	84.033
Federal Direct Loans	84.268
COVID-19 Higher Education Emergency Relief Funds (HEERF)	
HEERF Student Aid Portion	84.425E
HEERF Institutional Portion	84.425F
Consolidated Adult Education & Family Literacy	84.002
Dollar threshold used to distinguish between type A and type B programs	<u>\$1,433,565</u>
Auditee qualified as low-risk auditee?	X Yes ___ No

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section II – Financial Statement Findings

No financial statement findings have been identified for the year ended June 30, 2020.

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 001: NSLDS Error Reporting

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number:

- 84.007 – Federal Supplemental Education Opportunity Grants
- 84.033 – Federal Work Study
- 84.063 – Federal Pell Grant Program
- 84.268 – Federal Direct Student Loans

Award Period: July 1, 2019 – June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance, Other Matters (Nonmaterial Noncompliance)

Criteria or specific requirement: Federal regulation requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that do not pass the NSLDS enrollment reporting edits.

Condition: National Student Loan Data System (NSLDS) rosters or roster updates yielded error records that were not corrected and resubmitted within the required 10 days.

Questioned costs: None

Context: We selected eight monthly transmissions to the NSLDS out of a total 36 (monthly across three campuses). This error occurred for the same one student in the months of September, November, and December.

Cause: The student's enrollment status between Montgomery College's student information system and in the National Student Clearinghouse matched upon the first notification of an error. The college certified the National Student Clearinghouse information on October 9, 2019 and subsequently on November 11 and November 20, 2019. However, the National Student Clearinghouse did not transmit the updates to NSLDS. Once the student reappeared on the December 2019 error report, a recertification was processed by the College directly in the NSLDS on January 15, 2020 which finally resolved the error.

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect: Student enrollment statuses may not be correctly or timely reported to the NSLDS.

Repeat Finding: No.

Recommendation: We recommend that the College continue to refine and implement processes to ensure determination of all students who withdraw, graduate, or have a change in status are accurately and timely reported to NSLDS.

Management response and Corrective Action Plan: Refer to the College's response on their letterhead as attached.



**MONTGOMERY COLLEGE
SUMMARY SCHEDULE OF AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

U.S. Department of Education

Montgomery College respectfully submits the following summary schedule of audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

2020 – 001: NSLDS Error Reporting

Condition: NSLDS rosters yielded error records that were not corrected and resubmitted within the required 10 days.

Management response and Corrective Action Plan: The student's enrollment status in the College's student information system and in the National Student Clearinghouse (NSC) matched each time it was submitted to NSC. However, the submissions did not resolve the error. Once the student reappeared in the third error report reviewed by the College, a recertification was processed directly in the NSLDS by the College, which finally resolved the error. Moving forward in regards to Error Code 32 records, corrective actions will include:

- Utilization of the National Student Clearinghouse SSCR support alias, sscerrors@studentclearinghouse.org, for initial diagnosis and reconciliation before processing Error Code 32 recertification. Our current process for all error records is to review our student information system records, confirm that the information in the National Student Clearinghouse matches, correct any information if needed, then recertify the record. The outreach to the alias will help confirm that our internal determination is correct and that any update will appropriately resolve the error.
- Effective immediately, the College will submit Error Code 32 (Enrollment Status Effective Date) corrections directly to NSLDS.

If the U.S. Department of Education has questions regarding this schedule, please call Elizabeth Greaney, Interim Chief Business/Financial Strategy Officer at 240-567-5326.