

**MONTGOMERY COLLEGE
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2019**

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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 activity and the discretely presented component unit of Montgomery College (the College), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 7, 2019.

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

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal 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 College'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College'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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
October 7, 2019



**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, 2019. 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, 2019. 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, 2019.

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, material weaknesses may exist that have not been identified.

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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 7, 2019, 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
November 18, 2019

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

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	\$ -	\$ 25,857,511
Federal Supplemental Educational Grant	84.007	N/A	-	649,999
Federal Work Study	84.033	N/A	-	644,136
Federal Direct Loans	84.268	N/A	-	13,089,509
Total Student Financial Aid Cluster			-	40,241,155
TRIO Cluster				
Student Support Services Program	84.042	P042A101204	-	231,486
Educational Opportunity Centers Program	84.066	P066A160184	-	267,516
Total TRIO Cluster			-	499,002
Total Direct Programs			-	40,740,157
Passed Through State Department of Education				
Title IC Program Improvement	84.048	190769	-	434,981
Title IC Program Improvement	84.048	180774	-	8,553
			-	443,534
Child Care & Professional Development Fund	93.575	190670	-	160,507
Child Care & Professional Development Fund	93.575	180787	-	5,985
Total Child Care & Development Cluster			-	166,492
Total Passed Through State Department of Education			-	610,026
Passed Through Maryland Department of Labor, Licensing, and Regulation				
Consolidated Adult Education & Family Literacy	84.002	P00P9400416	-	1,722,661
Total Passed Through MD Dept of Labor, Licensing, and Regulation			-	1,722,661
Passed Through University System of Maryland				
First in the World	84.116	P116F150201-2016-8	-	6,924
Total Passed Through MD Dept of Labor, Licensing, and Regulation			-	6,924
Total U.S. Department of Education			-	43,079,768
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
FY2017 Citizenship and Integration Direct Services Grant Program	97.010	17CICET00035	-	123,491
Total U.S. Department of Homeland Security			-	123,491
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	-	104,396
Montgomery College Noyce: Excellent Teachers for STEM (NEXT-STEM)	47.076	DUE-1555634	-	170,774
Collaborative Research: Institutional and Community Transformation for Teaching and Learning Quantitative Reasoning in the Biological Sciences	47.076	DUE-1821169	-	13,215
Collaborative Research: Equipment for the PSI MUSE Experiment	47.079	PHY-1612495	-	35,557
Collaborative Research: Community Sourcing Introductory Physics for Life Sciences	47.079	DUE-1624158	-	5,970
Total Direct Programs			-	329,912

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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 (Continued)				
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	\$ -	\$ 28,359
Building SFS Relationships between Community College and Four Year Schools: A Research-Based Cohort Approach	47.076	0000017767	-	20,100
Total Passed Through University of Maryland Baltimore County			-	48,459
Total National Science Foundation			-	378,371
U.S. DEPARTMENT OF COMMERCE (NIST)				
Direct Programs				
Undergraduate Science-Oriented Research Internship Funding for MC Students	11.620	70NANB18H027	-	93,489
PREP Gaithersburg	11.620	70NANB18H163	-	100,000
Summer Undergraduate Research Fellowship-PML, MML	11.620	70NANB18H099	-	6,600
NIST Measurement Science & Engineer	11.609	70NANB14H033	-	2,500
Total U.S. Department of Commerce			-	202,589
Total R&D Cluster			-	580,960
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Maryland Department of Human Resources				
Targeted Assistance Program	93.584	FIA/TAP-18-481	-	243,350
Targeted Assistance Program	93.584	FIA/TAP-17-481	-	105,221
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-18-484	-	61,944
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-19-484	-	27,569
Total Passed Through Maryland Department of Human Resources			-	438,084
Passed Through Howard University				
HU Centers of Excellence	93.157	1000082891	-	1,000
HU National Workforce Diversity Pipeline (NWDP)	93.137	1000083159	-	1,000
Total Passed Through Howard University			-	2,000
Total Department of Health and Human Services			-	440,084
U.S. DEPARTMENT OF LABOR				
Direct Programs				
Trade Adjustment Assistance Comm. College and Career Training Grants Program	17.282	TC-26466-14-60-A-24	385,568	1,570,921
H-1B TechHire Partnership Grants	17.268	HG-29354-16-60-A-24	-	958,260
America's Promise Job Driven Grant Program	17.268	HG-30135-17-60-A-24	602,639	1,456,870
Total Department of Labor			988,207	3,986,051
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Programs				
Global Humanities: Many Voices, One College	45.162	AE-255920-17	-	58,952
Total National Endowment for the Humanities			-	58,952
Total Expenditures of Federal Awards			\$ 988,207	\$ 48,269,306

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

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, 2019. 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, 2019, 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	\$13,089,509

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

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). _____ Yes X 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)? _____ Yes X 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 Opportunity Grant	84.007
Federal Work Study	84.033
Federal Direct Loans	84.268

Dollar threshold used to distinguish between type A and type B programs \$1,448,079

Auditee qualified as low-risk auditee? _____ Yes X No

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section II – Financial Statement Findings

No financial statement findings have been identified for the year ended June 30, 2019.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).