

**MONTGOMERY COLLEGE
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2021**



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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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Montgomery College (the College), as of and for the year ended June 30, 2021, 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 1, 2021.

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 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.

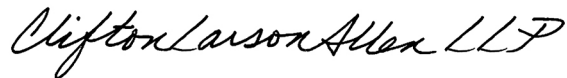
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



CliftonLarsonAllen LLP

Baltimore, Maryland
October 1, 2021



**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, 2021. 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, 2021. 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, 2021.

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 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The College's response 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the College as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 1, 2021, 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 8, 2022

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Federal Expenditures
Student Financial Aid Cluster				
Department of Education Direct programs				
Federal Pell Grant	84.063	N/A	\$ -	\$ 20,565,097
Federal Supplemental Educational Grant	84.007	N/A	-	1,135,941
Federal Work Study	84.033	N/A	-	196,235
Federal Direct Loans	84.268	N/A	-	8,355,642
Total Student Financial Aid Cluster			-	30,252,915
TRIO Cluster				
Department of Education Direct programs				
Student Support Services Program	84.042	P042A150706	-	46,514
Student Support Services Program	84.042	P042A200499	-	218,920
Educational Opportunity Centers Program	84.066	P066A160184	-	275,186
Total TRIO Cluster			-	540,620
Education Stabilization Funds				
Department of Education Direct programs				
Higher Education Emergency Relief Funds (HEERF) Student Aid Portion (COVID 19)	84.425E	P425E202618	-	6,109,375
HEERF Minority Serving Institution (MSI) Portion (COVID 19)	84.425L	P425L200469	-	129,677
HEERF Institutional Portion (COVID 19)	84.425F	P425F203423	-	5,321,520
Total Department of Education Direct Programs			-	11,560,572
Passed Through State Higher Education Commission				
Governor's Emergency Education Relief (GEER) Fund 2020 (COVID 19)	84.425C	GEERFund 20014	-	330,934
Governor's Emergency Education Relief (GEER) II Fund (COVID 19)	84.425C	GEERIIFund-3	-	5,728
Total Passed Through State Higher Education Commission			-	336,662
Total Education Stabilization Funds			-	11,897,234
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education				
Title IC Program Improvement	84.048	210923	-	422,337
Title IC Program Improvement	84.048	201042	-	18,063
Total Passed Through State Department of Education			-	440,400
Passed Through Maryland Department of Labor, Licensing, and Regulation				
Consolidated Adult Education & Family Literacy	84.002	P00P1600423	-	1,707,228
Consolidated Adult Education & Family Literacy	84.002	P00P0600060	-	5,917
Total Passed Through Maryland Department of Labor, Licensing and Regulation			-	1,713,145
Passed Through University System of Maryland				
First in the World	84.116	P116F150201-2016-8	-	18,005
Total Passed Through University System of Maryland			-	18,005
Total U.S. Department of Education			-	2,171,550
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
FY2019 Citizenship and Integration Direct Services Grant Program	97.010	19CICET00099	-	115,410
Total U.S. Department of Homeland Security			-	115,410

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

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	\$ -	\$ 91,500
Montgomery College Noyce: Excellent Teachers for STEM (NEXT-STEM)	47.076	DUE-1555634	-	136,998
Collaborative Research: Community Sourcing Introductory Physics for Life Sciences	47.076	DUE-1624158	-	3,512
Collaborative Research: Institutional and Community Transformation for Teaching and Learning Quantitative Reasoning in the Biological Sciences	47.076	DUE-1821169	-	40,596
			<u>-</u>	<u>272,606</u>
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	-	28,267
Total Passed Through University of Maryland Baltimore County			<u>-</u>	<u>28,267</u>
Passed Through BioQUEST Curriculum Consortium				
RCN-UBE: Quantitative Biology at Community Colleges	47.074	1919613-1	-	18,116
Total Passed Through BioQUEST Curriculum Consortium			<u>-</u>	<u>18,116</u>
Total National Science Foundation			<u>-</u>	<u>318,989</u>
U.S. DEPARTMENT OF COMMERCE (NIST)				
Direct Programs				
PREP Gaithersburg	11.620	70NANB18H163	-	242,385
Total U.S. Department of Commerce			<u>-</u>	<u>242,385</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)				
Passed Through Secor Strategies LLC				
NASA MINDS	43.008	Letter dated 3/11/2021	-	3,869
Total Passed Through Secor Strategies LLC			<u>-</u>	<u>3,869</u>
Total National Aeronautics and Space Administration			<u>-</u>	<u>3,869</u>
Total R&D Cluster			<u>-</u>	<u>565,243</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Maryland Department of Human Resources				
Vocational training and Employment Services	93.566	FIA/VTES-21-481	-	173,213
Vocational Training and Employment Services	93.566	FIA/VTES-20-481	-	98,823
English as a Second Language Training Program for Refugees	93.566	FIA/ESOL-21-484	-	76,087
English as a Second Language Training Program for Refugees	93.566	FIA/ESOL-20-484	-	19,673
Total Passed Through Maryland Department of Human Resources			<u>-</u>	<u>367,796</u>
Total Department of Health and Human Services			<u>-</u>	<u>367,796</u>
U.S. DEPARTMENT OF LABOR				
Direct Programs				
H-1B TechHire Partnership Grants	17.268	HG-29354-16-60-A-24	-	654,388
America's Promise Job Driven Grant Program	17.268	HG-30135-17-60-A-24	327,901	1,130,864
Total Department of Labor			<u>327,901</u>	<u>1,785,252</u>
Total Expenditures of Federal Awards			<u>\$ 327,901</u>	<u>\$ 47,696,020</u>

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

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, 2021. 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, 2021, 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	\$8,355,642

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | | |
|--|-------|------------|--------------|---------------|
| 1. Type of auditors’ report issued: | | Unmodified | | |
| 2. Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | _____ | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es). | _____ | Yes | <u> X </u> | None Reported |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | <u> X </u> | No |

Federal Awards

- | | | | | |
|---|--------------|-----|--------------|---------------|
| 1. Internal control over major programs: | | | | |
| • Material weakness(es) identified? | _____ | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es). | <u> X </u> | Yes | _____ | None Reported |
| 2. Type of auditors’ report issued on compliance for major programs: | | | | |
| | | | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u> X </u> | Yes | _____ | No |

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number(s)
Education Stabilization Fund:	
HEERF Student Aid Portion	84.425E
HEERF Institutional Portion	84.425F
HEERF Minority Serving Institution (MSI) Portion	84.425L
Governor’s Emergency Education Relief (GEER)	84.425
H-1B TechHire Partnership Grants	17.268
America’s Promise Job Driven Grant Program	17.268
Dollar threshold used to distinguish between type A and type B programs	<u>\$1,430,881</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021**

Section II – Financial Statement Findings

No financial statement findings have been identified for the year ended June 30, 2021.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 001: GEER Reporting

Federal agency: U.S. Department of Education

Federal program title: Education Stabilization Fund

Assistance Listing Number: 84.425- Governor’s Emergency Education Relief (GEER)

Award Period: July 1, 2020 – June 30, 2021

Type of Finding:

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

Criteria or specific requirement: Federal regulation requires quarterly reports to be submitted related to the GEER awards.

Condition: For GEER II funding, the institution was required to submit a quarterly report for the timeframe 03/01/2021 - 05/31/2021 by the due date of 06/30/2021. The institution did not submit the report until 07/19/2021, past the due date.

Questioned costs: None

Context: We selected two reports out of a total of four reports in the population. The finding related to the one GEER II report.

Cause: The College was unaware they were required to submit a report for GEER II, as there were no funds expended for the 03/01/2021 – 05/31/2021 timeframe.

Effect: Granting agencies are not provided the required information which could impact future funding.

Repeat Finding: No.

Recommendation: We recommend the College review its controls and processes to ensure that reports are submitted in accordance with grantor requirements.

Views of responsible officials: There is no disagreement with the audit finding. Refer to the College’s response on their letterhead as attached.



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

FINDINGS- FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION

2021 – 001: GOVERNOR’S EMERGENCY EDUCATION RELIEF (GEER) – CFDA NO. 84.425

Condition: For GEER II funding, the institution was required to submit a quarterly report for the timeframe 03/01/2021 - 05/31/2021 by the due date of 06/30/2021. The institution did not submit the report until 07/19/2021, past the due date.

Recommendation: We recommend the College review its controls and processes to ensure that reports are submitted in accordance with grantor requirements.

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

Actions planned in response to finding: Immediately after the late report submission in July 2021, pre-existing compliance practices were reinforced as part of a GEER corrective action plan.

Responsible Parties: Grant project director for the GEER grant, grants compliance specialist, and accounting manager for grants and compliance.

Planned completion date for corrective action plan: Initiated July 2021 and reinforced with clear, written steps March 1, 2022.

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