

**MONTGOMERY COLLEGE
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2022**



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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, 2022, 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 31, 2022.

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.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on 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*.

College's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 31, 2022



**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

Opinion on Each Major Federal Program

We have audited Montgomery College (the College)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the 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, 2022.

The College's basic financial statements include the operations of Montgomery College Foundation, Inc., a discretely presented component unit. Federal awards received by the discretely presented component unit are not included in the College's schedule of expenditures of federal awards for the year ended June 30, 2022. Our audit, described below, did not include the operations of the discretely presented component unit because it did not receive federal awards.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

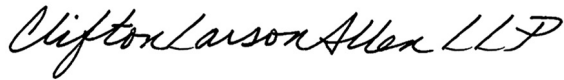
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, and the aggregate remaining fund information of the College as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We have issued our report thereon dated October 31, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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
December 22, 2022

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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
U.S. DEPARTMENT OF EDUCATION				
Student Financial Aid Cluster				
Federal Pell Grant	84.063	N/A	\$ -	\$ 17,503,682
Federal Supplemental Educational Grant	84.007	N/A	-	1,045,689
Federal Work Study	84.033	N/A	-	220,578
Federal Direct Loans	84.268	N/A	-	6,674,966
Total Student Financial Aid Cluster			-	25,444,915
TRIO Cluster				
Student Support Services Program	84.042A	P042A200499	-	265,781
Educational Opportunity Centers Program	84.066A	P066A160184	-	63,149
Educational Opportunity Centers Program	84.066A	P066A210140	-	203,288
Total TRIO Cluster			-	532,218
Education Stabilization Fund				
COVID-19 Higher Education Emergency Relief Funds (HEERF)				
Student Aid Portion	84.425E	P425E202618	-	22,715,771
COVID-19 HEERF Minority Serving Institution (MSI) Portion	84.425L	P425L200469	-	179,898
COVID-19 HEERF Institutional Portion	84.425F	P425F203423	-	23,087,298
Total HEERF			-	45,982,967
Passed Through State Higher Education Commission				
COVID-19 Governor's Emergency Education Relief (GEER) Fund 2020	84.425C	GEERFund 20014	-	1,030,867
COVID-19 Governor's Emergency Education Relief (GEER) II Fund	84.425C	GEERIIFund-3	-	513,094
Total GEER			-	1,543,961
Total ALN 84.425			-	47,526,928
Fund for the Improvement of Postsecondary Education				
Montgomery College Social Resource Program: Nourishing the Mind, Body, and Spirit				
	84.116N	P116N210009	-	15,870
Passed Through State Department of Education				
Title IC Program Improvement	84.048A	220835	-	180,579
Passed Through Maryland Department of Labor, Licensing, and Regulation				
Consolidated Adult Education & Family Literacy	84.002A	P00P2600477	-	1,625,513
Consolidated Adult Education & Family Literacy	84.002A	P00P1600423	-	(3,149)
Total ALN 84.002			-	1,622,364
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
FY2021 Citizenship and Integration Direct Services Grant Program	97.010	21CICET00186	-	88,910
FY2019 Citizenship and Integration Direct Services Grant Program	97.010	19CICET00099	-	29,915
Total ALN 97.010			-	118,825

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Federal Expenditures
RESEARCH & DEVELOPMENT (R&D) CLUSTER				
NATIONAL SCIENCE FOUNDATION				
Montgomery College Noyce: Excellent Teachers for STEM (NEXT-STEM)	47.076	DUE-1555634	\$ -	\$ 124,727
Collaborative Research: Institutional and Community Transformation for Teaching and Learning Quantitative Reasoning in the Biological Sciences	47.076	DUE-1821169	-	48,827
Passed Through Mount St. Mary's University				
UMBC CyberCorps Program Renewal and Building Research-Based SFS Relationships between Community Colleges and Four Year Schools	47.076	2030851-02	-	5,632
Total ALN 47.076			-	179,186
Passed Through BioQUEST Curriculum Consortium				
RCN-UBE: Quantitative Biology at Community Colleges	47.074	1919613-1	-	18,114
U.S. DEPARTMENT OF COMMERCE (NIST)				
PREP Gaithersburg	11.620	70NANB18H163	-	202,301
Total R&D Cluster			-	399,601
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)				
Passed Through Maryland Department of Human Resources				
Vocational Training and Employment Services	93.566	FIA/VTES-22-481	-	190,920
Vocational Training and Employment Services	93.566	FIA/VTES-21-481	-	125,834
English as a Second Language Training Program for Refugees	93.566	FIA/ESOL-22-484	-	70,851
English as a Second Language Training Program for Refugees	93.566	FIA/ESOL-21-484	-	23,301
Total ALN 93.566			-	410,906
U.S. DEPARTMENT OF LABOR				
H-1B TechHire Partnership Grants	17.268	HG-29354-16-60-A-24	-	(1,000)
America's Promise Job Driven Grant Program	17.268	HG-30135-17-60-A-24	-	172,345
Total ALN 17.268			-	171,345
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Identity and Connections among African, Afro-Caribbean, and African American Communities in the United States	45.163	EH-218219-21	-	118,166
Total Expenditures of Federal Awards			\$ -	\$ 76,541,717

See accompanying Notes to Schedule of Expenditures of Federal Awards.

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

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, 2022. 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, 2022, 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>Assistance Listing Number</u>	<u>Program Name</u>	<u>Loan Expenditures</u>
84.268	Federal Direct Lending	\$6,674,966

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

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? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es). | <u> </u> | Yes | <u> X </u> | None Reported |
| 3. Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |

Federal Awards

- | | | | | |
|-------------------------------------------------------------------------------------------------------|---------------|------------|--------------|---------------|
| 1. Internal control over major programs: | | | | |
| • Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified that is (are) not considered to be a material weakness(es). | <u> </u> | Yes | <u> X </u> | 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> </u> | Yes | <u> X </u> | No |

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing
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) Fund 2020	84.425C
Governor’s Emergency Education Relief (GEER) II Fund	84.425C
Dollar threshold used to distinguish between type A and type B programs	<u>\$2,296,251</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

Section II – Financial Statement Findings

2022 – 001: OPEB Liability Assumptions

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The Other Postemployment Benefits (OPEB) liability valuation was prepared using incorrect Plan benefit information.

Criteria or specific requirement: COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out.” Policies and procedures include appropriate communication of changes that affect the accuracy of information needed by management and actuaries to estimate the Plan liability.

Effect: The FY21 liability was overstated by \$8.9 million. The FY21 financial statements were restated to properly reflect the change which occurred prior to the earliest year presented in the financial statements.

Cause: Changes were made to the Plan benefits that were not communicated to those responsible for estimating the Plan liability in the financial statements.

Repeat finding: No

Recommendation: We recommend the College implement processes that ensure any changes made to Plan information are appropriately communicated within the organization and to third parties relying on this information to ensure timely and accurate accounting and reporting.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022**

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).



**MONTGOMERY COLLEGE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

Montgomery College respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021 – June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2022-001 OPEB Liability Assumptions

Recommendation: We recommend the College implement processes that ensure any changes made to Plan information are appropriately communicated within the organization and to third parties relying on this information to ensure timely and accurate accounting and reporting.

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

Action taken in response to finding: The human resource benefit team will document annually, changes in plan provisions or the absence thereof. This documentation will be shared with the business office in writing by February of each fiscal year. This written documentation will be shared with the actuaries in the annual audit preparation meeting jointly attended by representatives from both college teams.

Name(s) of the contact person(s) responsible for corrective action: Elizabeth Greaney – Chief Business Financial Strategy Officer

Planned completion date for corrective action plan: Immediately in fiscal year 2023

For questions regarding this plan, please call Elizabeth Greaney - Chief Business Financial Strategy Officer at 240-567-5326.