

MONTGOMERY COLLEGE
Rockville, Maryland

REPORT ON SINGLE AUDIT
June 30, 2012

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CliftonLarsonAllen

Independent Auditor's 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 the consolidated component unit financial statements of Montgomery College (the College), as of and for the years ended June 30, 2012, and have issued our report thereon dated October 1, 2012. We conducted our audits in accordance with 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.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's consolidated financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the Maryland Higher Education Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 1, 2012



CliftonLarsonAllen

Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures Of Federal Awards in Accordance with OMB Circular A-133

Board of Trustees
Montgomery College
Rockville, Maryland

Compliance

We have audited the compliance of Montgomery College (the College) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 12-01.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal controls over compliance in accordance with OMB Circular A-133, 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 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 12-01. 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.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit management's response and, accordingly, we express no opinion on it.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of the business-type activities, each major fund, and the discretely presented component unit of the College as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 1, 2012. Our audits were performed for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the Maryland Higher Education Commission, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Baltimore, Maryland
November 28, 2012, except for the Schedule of Expenditures
of Federal Awards which is dated October 1, 2012

MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Expenditures: 7/1/2011 to 6/30/2012
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Student Financial Aid Cluster			
Federal Pell Grant	84.063*	N/A	\$ 30,384,256
Academic Competitiveness Grant	84.375*	N/A	24,953
Federal TEACH Grant	84.379*	N/A	4,000
Federal Supplemental Educational Opportunity Grant	84.007*	N/A	520,372
Federal Work Study	84.033*	N/A	707,351
Federal Perkins Loans	84.038*	N/A	251,781
Federal Direct Loans	84.268*	N/A	16,844,591
Total Student Financial Aid Cluster			<u>48,737,304</u>
TRIO Cluster			
Student Support Services Program	84.042*	P042101204	254,252
Educational Opportunity Centers Program	84.066*	P066A070309	221,889
Educational Opportunity Centers Program	84.066*	P066A110272	35,856
Total TRIO Cluster			<u>511,997</u>
CCAMPIS Application	84.335	P335A090042	113,999
Project Portal to Success in Engineering	84.116	P116B060280	37,454
Total Direct Programs			<u>49,400,754</u>
Passed Through Maryland State Department of Education			
Title II Tech Prep Education	84.243	114723	4,398
Title IC Program Improvement	84.048*	114723	288,869
Title IC Program Improvement	84.048*	105653	96,271
Child Care & Professional Development Fund	93.575	114252	50,342
Total Passed Through Maryland State Department of Education			<u>439,880</u>
Passed Through State of Maryland Department of Labor, Licensing, and Regulation			
Consolidated Adult Education & Family Literacy	84.002	POOP0400024	1,468,745
Consolidated Adult Education & Family Literacy	84.002	POOB1400086	101,634
			<u>1,570,379</u>
Passed Through Maryland Higher Education Commission			
Consolidated Adult Education & Family Literacy	84.378	MCACGP 11-101	55,035
TOTAL U.S. DEPARTMENT OF EDUCATION			
			<u>51,466,048</u>
NATIONAL SCIENCE FOUNDATION			
Direct Programs			
Bridging the Expert-Novice Problem Solving Gap	47.076	DUE-0837046	3,866
ACCESS Engineering	47.076	DUE-0806921	147,649
Total Direct Programs			<u>151,515</u>
Passed Through Prince George's County Community College			
Cyber Watch	47.076	DUE-0902747	46,412
TOTAL NATIONAL SCIENCE FOUNDATION			
			<u>197,927</u>
NATIONAL INSTITUTE OF HEALTH			
Biomedical Scholars Program	93.859	5R25GM063993	158,687

*Denotes major program.

MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012
(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number/Pass Through Grantor's Number</u>	<u>Expenditures: 7/1/2011 to 6/30/2012</u>
U.S. DEPARTMENT OF ENERGY			
Passed Through the Maryland Department of Planning			
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-EEE0000743	\$ 148,969
NATIONAL ENDOWMENT FOR THE HUMMANITIES			
Passed Through America Library Association			
Lets Talk About It: Making Sense of the American Civil War	45.164	ALA PPO Grant 239	897
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Passed Through Dickinson College			
Cooling the Liberal Arts Curriculum	43.AAA	NASA / Leary - 2	12,687
Passed Through the National Space Grant Foundation			
National Student Solar Spectrograph Competition	43.008	N/A	1,998
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			14,685
DEPARTMENT OF HOMELAND SECURITY			
Citizenship and Integration Direct Services Grant	97.010	2010-CS-010-00046	26,852
Citizenship is For You!	97.010	2011-CS-010-00027	67,271
TOTAL U.S. DEPARTMENT OF ENERGY			94,123
U.S. DEPARTMENT OF COMMERCE			
Summer Undergraduate Research Fellowship-BFRL	11.609	70NANB12H087	2,605
Summer Undergraduate Research Fellowship-BFRL	11.609	70NANB11H051	2,364
TOTAL U.S. DEPARTMENT OF COMMERCE			4,969
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Montgomery County			
Head Start Program	93.600	8643510062-AA	160,454
Passed Through Health Resources and Services Administration			
Health Care and Other Facilities	93.887*	C76HF19604-01-00	182,909
Health Care and Other Facilities	93.887*	C76HF12918-01-01	26,605
Total Passed Through Health Resources and Services Administration			209,514
Passed Through Maryland Department of Human Resources			
Targeted Assistance Program	93.584	FIA/TAP-11-481	143,081
Targeted Assistance Program	93.584	FIA/TAP-12-481	362,338
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-11-484	81,535
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-12-484	201,583
Total Passed Through Maryland Department of Human Resources			788,537
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,158,505
U.S. SMALL BUSINESS ADMINISTRATION			
Construction Grant	59.000	SBAHQ-08-I-0187	4,171
Construction Grant	59.000	SBAHQ-09-I-0231	9,493
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			13,664
Total Expenditures of Federal Awards			\$ 53,258,474

*Denotes major program.

This schedule should be read only in connection with the accompanying notes to schedule of expenditures of federal awards.

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the College's component unit financial statements.

NOTE 2 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Montgomery College for the fiscal year ended June 30, 2012.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> X </u>	Yes	_____	No
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Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Student Financial Aid Cluster:	
Federal Pell Grant	84.063
Academic Competitiveness Grant	84.375
Federal TEACH Grant	84.379
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work Study	84.033
Federal Perkins Loans	84.038
Federal Direct Loans	84.268
TRIO Cluster:	
Student Support Services Program	84.042
Education Opportunity Centers Program	84.066

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012
(Continued)

Identification of Major Programs (Continued)

<u>Name of Federal Program or Cluster</u>	
Title IC Program Improvement	84.048
Department of Health and Human Services	
Health Resources and Services	
Administration	93.887
Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

II. Findings relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

1. Significant Deficiencies in Internal Control

None

2. Compliance and Other Matters

None

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012
(Continued)

III. Findings and Questioned Costs for Federal Awards – Internal Control and Compliance

Finding Reference: 12-01 - Suspension and Debarment
Federal Agency: Department of Health and Human Services
Federal Program: Health Resources & Services Administration Grant - CFDA 93.887
Title IC Program Improvement – CFDA 84.048

Compliance

Requirement: Procurement and Suspension & Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Finding: The Procurement Office at Montgomery College did not properly document and maintain verification that vendors were not suspended or debarred from receiving federal funds.

Cause: The College did not include verification of suspension and debarment of potential award vendors as part of its procurement process.

Effect: The College is not in compliance with Federal suspension and debarment requirements for procurement contracts for goods and services.

Context: For 4 out of 4 vendors selected for testing, documentation that the vendors were neither suspended nor debarred was not maintained.

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with that entity (2CFR section 180.300).

Questioned Costs: None

Recommendation: We recommend that the College implement policies and procedures to ensure that the required suspension and debarment verifications are performed, properly documented, and maintained for vendors with contracts that are expected to equal or exceed the \$25,000 threshold.

Corrective Action Plan: Management understands the internal control recommendation and established a process when they were first made aware of the Finding as a result of the 2011 single audit. From that date forward a process has been implemented which requires the Procurement Department to verify the debarment status of companies for which grant funds are being used to purchase goods or services. Procurement verification includes checking both the Maryland State and Federal government debarment websites to determine whether vendors have been suspended or debarred from receiving federal funds. The results from these sites are scanned into the procurement file with the requisition at time of processing. If a debarred vendor is detected during this process procurement will seek an alternate source for the purchase. Procurement will notify the requestor of the change in vendor at that time.

MONTGOMERY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2012

Finding Reference: 11-01 - Suspension and Debarment
Federal Agency: Department of Health and Human Services
Federal Program: Health Resources & Services Administration Grant - CFDA
93.887

Compliance

Requirement: Procurement and Suspension & Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Finding: The Procurement Office at Montgomery College did not properly document and maintain verification that vendors were not suspended or debarred from receiving federal funds.

Cause: The College did not include verification of suspension and debarment of potential award vendors as part of its procurement process.

Effect: The College is not in compliance with Federal suspension and debarment requirements for procurement contracts for goods and services.

Context: Our testing of 2 vendors revealed that documentation that the vendor was neither suspended nor debarred was not maintained for both vendors tested.

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with that entity (2CFR section 180.300).

Questioned Costs: None

Recommendation: We recommend that the College implement policies and procedures to ensure that the required suspension and debarment verifications are performed, properly documented, and maintained for vendors with contracts that are expected to equal or exceed the \$25,000 threshold.

Corrective Action Plan: Management understands this internal control recommendation and has established a procedure whereby the procurement department will verify the debarment status of companies for which grant funds are being used to purchase commodities or services. Procurement verification will include checking both the Maryland State and Federal government debarment websites to determine whether vendors have been suspended or debarred from receiving federal funds. The results from these sites will be printed and given to the Grant Accountant. The Grant Accountant will be responsible for collecting and maintaining verifications for all vendors for which we have made purchases with federal funds.

Current Year Status: Not Corrected. See Finding **2012-01** in the current year.

MONTGOMERY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2012
(Continued)

Finding Reference: 11-02 - Allowable Costs
Federal Agency: U.S. Department of Education
Federal Program: TRIO Cluster - CFDA 84.042 & 84.066
Compliance
Requirement: Allowable Activities/Costs
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Finding: Costs were incurred and paid by the grant for one day admission to an amusement park, as part of a College campus tour. The portion relating to the amusement park is considered entertainment costs which are not allowed under the grant.

Cause: The College approved admission to an amusement park for 19 participants under the TRIO Student Support Services Grant.

Effect: The College is not in compliance with OMB Circular A-21, Cost Principles for Educational Institutions.

Context: Our testing of 13 general disbursement transactions revealed that 1 was not allowable in accordance with OMB Circular A-21.

Criteria: OMB Circular A-21 established principles for determining the costs applicable to research and development, training and other sponsored work performed by educational institutions under grants, contracts and other agreements with the Federal Government. Under OMB Circular A21, Section J Educational Institutions, entertainment costs are unallowable.

Questioned Costs: \$570

Recommendation: We recommend that the College implement policies and procedures to ensure that costs incurred are allowable under OMB Circular A-21 prior to approval by the Director, Grant Manager, or appropriate party.

Corrective Action Plan: Management agrees with this internal control recommendation.

Management has implemented internal procedures, which require that the Grants Management Team and the Finance Office, Grant Accountant, review requisitions and purchases made by the College with Federal Government monies to ensure that costs incurred are allowable under OMB Circular A-21 prior to the acquisition of goods or services.

Current Year Status: Fully Corrected. Management has implemented internal control procedures which require that the Grants Management Team and the Finance Office, Grant Accountant, review requisitions and purchases made by the College with Federal Government monies to ensure that costs incurred are allowable under OMB Circular A-21 prior to the acquisition of goods or services. No errors were found during the 2012 testing.

MONTGOMERY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2012
(Continued)

Finding Reference: 11-03 - Equipment
Federal Agencies: U.S. Department of Education & Department of Health
and Human Services
Federal Programs: Title IC Program Improvement - CFDA 84.048,
Health Resources & Services Administration
Grant - CFDA 93.887

Compliance

Requirement: Equipment and Real Property Management
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Finding: Equipment tested was not accurately recorded. Missing information included serial numbers and College identification numbers. There were also some pieces of equipment where the serial number did not match the invoice. The College has also not conducted a physical inventory of equipment in three years.

Cause: The College is not maintaining proper records for equipment management requirements.

Effect: The College is not in compliance with Federal equipment management requirements.

Context: Our testing of 9 pieces of federal equipment revealed that 3 items were not properly identified (by an identification number) and the identification number for 8 items did not match the College's equipment records. Also, an inventory count has not been performed for any of the items in the past two years.

Criteria: OMB Circular 110 requires that equipment be used in the program for which it was acquired or when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years that reconciles to the equipment records, an appropriate control system shall be used to safeguard equipment and equipment shall be adequately maintained. Equipment records should include serial numbers, model numbers of other identification numbers and location and condition of the equipment.

Questioned Costs: None

Recommendation: We recommend that the College implement policies and procedures to properly maintain equipment records and ensure that the proper identification numbers (serial or model numbers) are maintained for each piece of equipment. Also, we recommend that the College perform a physical inventory of equipment at least once every two years and reconcile the results of the physical inventory count to the equipment records.

Corrective Action Plan: Management concurs with this internal control recommendation and has implemented the process in which the Accounts Payable department will record the serial number listed on the invoice for all capital asset purchases into the Banner System. Property Control will use the serial number recorded in banner to locate the equipment and tag accordingly. In addition, Management will complete a physical inventory of all three campuses before the FY12 year-end and reconcile the results of the physical inventory count to the College's equipment records. In FY13 and thereafter, a physical inventory will be conducted on at least one campus every year on a rotational basis.

MONTGOMERY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2012
(Continued)

Current Year Status: Fully Corrected. Management has implemented the process in which the Accounts Payable department records the serial number listed on the invoice for all capital asset purchases into the Banner System. Property and Control utilizes the serial number recorded into Banner to locate the equipment and tag accordingly. Management also contracted with an outside vendor in May of 2012, to do a complete physical inventory count of all three campuses and reconcile the results of the physical inventory count to the College's equipment records. A physical inventory count will be conducted on at least one campus every year on a rotational basis. No errors were found during the 2012 testing.