

**MONTGOMERY COLLEGE**  
**Rockville, Maryland**

**REPORT ON SINGLE AUDIT**  
**June 30, 2014**

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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, and the remaining fund information of Montgomery College (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 26, 2014. The financial statements of Montgomery College Foundation, Inc., the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

**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 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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  
September 26, 2014



**Independent Auditors' Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

Board of Trustees  
Montgomery College  
Rockville, Maryland

**Report on Compliance for Each Major Federal Program**

We have audited Montgomery College (the College)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 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 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, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 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. *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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities, the discretely presented component unit and the remaining fund information of the College as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 26, 2014, 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 OMB Circular A-133 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 Expenditure 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 10, 2014, except for the Schedule of Expenditures  
of Federal Awards which is dated September 26, 2014

**MONTGOMERY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Expenditures: 7/1/2013 to 06/30/2014
<b>STUDENT FINANCIAL AID CLUSTER</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct Programs</b>			
Federal Pell Grant	84.063*	N/A	\$ 32,112,955
Federal Supplemental Educational Grant	84.007*	N/A	463,505
Federal Work Study	84.033*	N/A	660,167
Federal Perkins Loans	84.038*	N/A	202,163
Federal Direct Loans	84.268*	N/A	<u>20,327,684</u>
Total U.S. Department of Education			<u>53,766,474</u>
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>			<u><b>53,766,474</b></u>
<b>TRIO CLUSTER</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct Programs</b>			
Student Support Services Program	84.042A	P042A101204	196,036
Educational Opportunity Centers Program	84.066A	P066A110272	<u>170,657</u>
Total U.S. Department of Education			<u>366,693</u>
<b>TOTAL TRIO CLUSTER</b>			<u><b>366,693</b></u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>			
<b>U.S. DEPARTMENT OF COMMERCE (NIST)</b>			
<b>Direct Programs</b>			
Summer Undergraduate Research Fellowship-BFRL	11.609	70NANB13H079	14,076
Summer Undergraduate Research Fellowship-BFRL	11.609	70NANB14H126	14,128
NIST Measurement Science & Engineer	11.609	70NANB14H033	<u>52,869</u>
TOTAL U.S. Department of Commerce (NIST)			<u>81,073</u>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<u><b>81,073</b></u>

\* Denotes major program

This schedule should be read only in connection with the accompanying  
notes to Schedule of Expenditures of Federal Awards.



**MONTGOMERY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2014**  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Expenditures: 7/1/2013 to 06/30/2014
<b>NONCLUSTERED PROGRAMS</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct Programs</b>			
CCAMPIS Application	84.335A	P335A090042	\$ 6,322
<b>Passed Through State Department of Education</b>			
Title IC Program Improvement	84.048	144648	284,677
Title IC Program Improvement	84.048	134791-01	10,417
<b>Total Passed Through State Department of Education</b>			<u>295,094</u>
<b>Passed Through Maryland Department of Labor, Licensing, and Regulation</b>			
Consolidated Adult Education & Family Literacy	84.002A*	POOP3400164	12,240
Consolidated Adult Education & Family Literacy	84.002A*	POOP4400203	1,460,542
<b>Total Passed Through Maryland Department of Labor, Licensing, and Regulation</b>			<u>1,472,782</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>1,774,198</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Direct Programs</b>			
Citizenship is For You!	97.010	2011-CS-010-000027	56,850
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u><b>56,850</b></u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
<b>Direct Programs</b>			
On Ramp to STEM	47.076	DUE-1154289	104,822
Graduate and Transfer STEM Talent Expansion Program	47.076	DUE-1161231	244,860
Teaching Pathways Opening Doors to STEM	47.076	DUE-1239965	111,397
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<u><b>461,079</b></u>
<b>NATIONAL INSTITUTES OF HEALTH</b>			
<b>Direct Programs</b>			
Biomedical Scholars Program	93.859	5R25GM063993	8,235
<b>TOTAL NATIONAL INSTITUTES OF HEALTH</b>			<u><b>8,235</b></u>

\* Denotes major program

This schedule should be read only in connection with the accompanying  
notes to Schedule of Expenditures of Federal Awards.

**MONTGOMERY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2014**  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Expenditures: 7/1/2013 to 06/30/2014
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
<b>Direct Programs</b>			
Challenge Grant	45.130	CZ-50300	\$ 71,500
<b>Passed Through American Library Association</b>			
Let's Talk About It: Muslim Journeys	45.164	MU-50003	400
<b>TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			<b>71,900</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Direct Programs</b>			
Project Aware (SAMHSA)	93.243	SM060477-02	144,851
<b>Passed Through Montgomery County</b>			
Head Start Program	93.600	1028886	151,913
<b>Passed Through State Department of Education</b>			
Child Care & Professional Development Fund	93.575	144362	44,600
<b>Passed Through Maryland Department of Human Resources</b>			
Targeted Assistance Program	93.584*	FIA/TAP-13-481	78,354
Targeted Assistance Program	93.584*	FIA/TAP-14-484	259,131
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-13-484	82,591
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-14-484	152,979
<b>Total Passed Through Maryland Department of Human Resources</b>			<b>573,055</b>
<b>Passed Through Health Resources and Services Administration</b>			
Health Care and Other Facilities	93.887	C76HF12918-01-01	590,635
Biotech Equipment	93.887	C76HF19604-01-00	19,580
<b>Total Passed Through Maryland Department of Human Resources</b>			<b>610,215</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>1,524,634</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
<b>Direct Programs</b>			
Construction Grant	81.049*	DE-FG02-06CH11429	1,352,944
<b>TOTAL DEPARTMENT OF ENERGY</b>			<b>1,352,944</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 59,464,080</b>

\* 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, 2014**

**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, 2014.

**NOTE 3 – LOAN PROGRAMS**

During the year ended June 30, 2014, the College processed \$20,327,684 of new loans under the Federal Direct Lending Program. Since these programs are administered by outside financial institutions, new loans made during the fiscal year relating to these programs are considered current year expenditures in the Schedule of Expenditures of Federal Awards.

**MONTGOMERY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

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: Unmodified

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
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work Study	84.033
Federal Perkins Loans	84.038
Federal Direct Loans	84.268

**MONTGOMERY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**  
(Continued)

**Identification of Major Programs (Continued)**

<u>Name of Federal Program or Cluster</u>		
Consolidated Adult Education & Family Literacy	84.002A	
Targeted Assistance Program	93.584	
Construction Grant	81.049	
Dollar threshold used to distinguish between type A and type B programs		<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	_____ 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, 2014**  
(Continued)

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

**Finding Reference:** 2014-001 – Enrollment Reporting (Loan Programs)  
**Federal Agency:** U.S. Department of Education  
**Federal Program:** Student Financial Aid Cluster  
**Compliance**  
**Requirement:** Special Tests and Provisions – Enrollment Reporting  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance

**Finding:** The College incorrectly reported the enrollment status of a student receiving loan funds to the National Student Loan Data System (NSLDS).

**Cause:** The College does not take attendance, therefore students who withdraw and receive all F grades may not be identified until the end of the semester. Professors are then contacted for a last known date of attendance which then becomes the Date of Determination for withdraw. The financial aid department then updates the student’s status manually in NSLDS within 30 days of the end of the semester.

**Effect:** The College is not in compliance with enrollment reporting requirements for Federal loan programs. Student loans will not properly enter repayment status for those students who withdrew or dropped below half-time status.

**Context:** For 1 of 60 status changes selected for testing, the student was not reported as withdrawn in the NSLDS.

**Criteria:** All schools participating (or approved to participate) in the FSA programs must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through a Roster file (formerly called the Student Status Confirmation Report or SSCR). The School is required to report changes in the student’s enrollment status, the effective date of the status and an anticipated completion date. Changes in enrollment to less than half-time, graduated, or withdrawn status must be reported within 30 days. However, if a Roster file is expected within 60 days, you may provide the data on that Roster file. (34CFR section 682.610).

**Questioned Costs:** None

**Recommendation:** We recommend that the College revise its policies and procedures to correctly capture students’ status who withdraw during the semester, to ensure that NSLDS reporting is accurate and timely.

**Views of responsible officials and planned corrective actions:**

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

**Actions planned in response to finding:** The financial aid office currently reviews student grades for a semester when they are available, within one month of the end of a semester. Financial aid recipients who fail all classes in a semester and stopped attending the College have their semester aid prorated and returned to the federal government within federal timeframes. The office will ensure that the last day of attendance for students is also reported to the federal National Student Loan Data System accurately and within reporting timelines and that error codes generated in the federal reporting are resolved expeditiously.

**MONTGOMERY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**  
(Continued)

**III. Findings and Questioned Costs for Federal Awards – Internal Control and Compliance (Continued)**

**Responsible Party:** Associate Director of Student Financial Aid

**Planned completion date for corrective action plan:** December 2014 for reporting/May 2015 for automated process.

**Planned to monitor completion of correction action plan:** The Associate Director of Student Financial Aid will review students processed in NSLDS by the Financial Aid Accounting Counselor to ensure students who stopped failed all classes and stopped attending have updated records in the system.

**Corrective Action Plan:** Management concurs with this internal control recommendation and will assign additional staff to review students' grades and enrollment status in order to meet the 30 day reporting requirement. The financial aid office will work with the office of information technology to explore automating the current manual process for reporting students who stop attending classes and receive failing grades (F grade) in all classes in which they are enrolled.

<b>Finding Reference:</b>	<b>2014-002 – Escheatment of Title IV Funds</b>
<b>Federal Agency:</b>	<b>U.S. Department of Education</b>
<b>Federal Program:</b>	<b>Student Financial Aid Cluster</b>
<b>Compliance Requirement:</b>	<b>Special Tests and Provisions – Escheatment of Title IV Funds</b>
<b>Type of Finding:</b>	<b>Significant Deficiency in Internal Control, Noncompliance</b>

**Criteria:** In accordance with 34 CFR 668.164, notwithstanding any State law, an institution must return to the Secretary, lender, or guaranty agency any title IV funds that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check.

**Condition:** The College is not ensuring that title IV funds disbursed by check directly to students or parents are returned to the Secretary, lender, or guaranty agency within 240 days if the check is not cashed.

**Questioned Costs:** None

**Context:** For 4 checks outstanding greater than 240 days relating to federal aid disbursements, the funds were not returned within the required time period.

**Cause:** The College's process is not performed consistently to ensure that title IV funds disbursed to students are returned to the awarding agency within 240 days after the date the check is issued.

**Effect:** If not received or negotiated by the student or parent, Title IV funds disbursed to them will eventually escheat to the State of Maryland as abandoned property instead of being returned to the Secretary, lender, or guaranty agency.

**MONTGOMERY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**  
(Continued)

**III. Findings and Questioned Costs for Federal Awards – Internal Control and Compliance (Continued)**

**Recommendation:** We recommend the College implement policies and procedures to ensure that title IV funds do not escheat to the state and are properly returned to the Secretary, lender, or guaranty agency within the required timeline.

**Views of responsible officials and planned corrective actions:**

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

**Actions planned in response to finding:** The period of time to present a check for payment will be changed from six months to three months after which time the check will be stale dated. The director of finance will review bank reconciliations to ensure that checks are timely stale dated. The stale dated check listing will also be reviewed to ensure that students have been identified, notified, and check has either been reissued or monies returned to the appropriate party.

**Responsible Party:** The director of finance.

**Planned completion date for corrective action plan:** December 2014

**Plan to monitor completion of corrective action:** On a monthly basis, bank statements and stale dated check lists will be reviewed to ensure that monies are returned to the Secretary, lender or guaranty agency within the 240 day requirement.

**Corrective Action Plan:** Management concurs with the internal control recommendation and is changing the period of time allowed before voiding a check. The current timeline with the bank is six months and will be changed to three months to ensure meeting the 240 day requirement for returning monies. This change will provide additional time to identify and contact the students and return the aid to the Secretary, lender or guaranty agency. The process of identifying and notifying the students to whom the check was issued to is also being automated to further reduce the time it takes to ensure a timely return of the monies to the appropriate party.



**MONTGOMERY COLLEGE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**Finding Reference:** 2013-01 – Enrollment Reporting (Loan Programs)  
**Federal Agency:** U.S. Department of Education  
**Federal Program:** Student Financial Aid Cluster  
**Compliance**  
**Requirement:** Special Tests and Provisions – Enrollment Reporting  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance

**Finding:** The College incorrectly reported the enrollment status of students receiving loan funds to the National Student Loan Data System (NSLDS).

**Cause:** The College utilized reports based on credit hours billed, which did not reflect changes to status due to withdraw and incomplete courses.

**Effect:** The College is not in compliance with enrollment reporting requirements for Federal loan programs. Student loans will not properly enter repayment status for those students who withdrew or dropped below half-time status.

**Context:** For 37 of 40 status changes selected for testing, the student was reported as half-time or full-time status in the NSLDS but transcripts indicate that the student was less-than-half-time or withdrawn.

**Criteria:** All schools participating (or approved to participate) in the FSA programs must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through a Roster file (formerly called the Student Status Confirmation Report or SSCR). The School is required to report changes in the student's enrollment status, the effective date of the status and an anticipated completion date. Changes in enrollment to less than half-time, graduated, or withdrawn status must be reported within 30 days. However, if a Roster file is expected within 60 days, you may provide the data on that Roster file. (34CFR section 682.610).

**Questioned Costs:** None

**Recommendation:** We recommend that the College revise its policies and procedures to correctly capture students' status when reporting to the NSLDS. We recommend that the College test the process once developed to ensure that students are being properly reported based on transcripts. Further, we recommend that the College review students' status as of the end of the prior reporting period and update its previous submissions to the NSLDS.

**Current Year Status:** Resolved.