

MONTGOMERY COLLEGE
REPORT ON SINGLE AUDIT
JUNE 30, 2016

**MONTGOMERY COLLEGE
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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 and the discretely presented component unit of Montgomery College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Montgomery College's basic financial statements, and have issued our report thereon dated October 6, 2016.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery 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 Montgomery College's internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery 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 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness listed as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery 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*.

Montgomery College's Response to Findings

Montgomery College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Montgomery College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland

October 6, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE 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, 2016. 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, 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 during the year ended June 30, 2016. 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.

Auditor's 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 through 2016-004. 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 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 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 2016-001 through 2016-004, that we consider to be significant deficiencies.

Board of Trustees
Montgomery College

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Montgomery College as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Montgomery College's basic financial statements. We issued our report thereon dated October 6, 2016, 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
December 9, 2016

**MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Expenditures: 7/1/2015 to 06/30/2016
U.S. DEPARTMENT OF EDUCATION				
Direct Programs				
Student Financial Aid Cluster				
Federal Pell Grant	84.063	N/A	\$ -	\$ 30,357,464
Federal Supplemental Educational Grant	84.007	N/A	-	558,827
Federal Work Study	84.033	N/A	-	628,011
Federal Direct Loans	84.268	N/A	-	20,912,154
Total Student Financial Aid Cluster			-	52,456,456
TRIO Cluster				
Student Support Services Program	84.042	P042A101204	-	155,457
Educational Opportunity Centers Program	84.066	P066A110272	-	202,451
Total TRIO Cluster			-	357,908
Total Direct Programs			-	52,814,364
Passed Through State Department of Education				
Title IC Program Improvement	84.048	165074	-	328,134
Title IC Program Improvement	84.048	154677	-	1,414
Child Care & Professional Development Fund	93.575	164719	-	50,497
Total Passed Through State Department of Education			-	380,045
Passed Through Maryland Department of Labor, Licensing, and Regulation				
Consolidated Adult Education & Family Literacy	84.002	POOP6400224	-	1,489,839
Consolidated Adult Education & Family Literacy	84.002	POOP5400288	-	1,615
Total Passed Through MD Dept of Labor, Licensing, and Regulation			-	1,491,454
TOTAL U.S. DEPARTMENT OF EDUCATION			-	54,685,863
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
Citizenship is For You!	97.010	2013-CS-010-000007	-	43,188
Citizenship is For You!	97.010	2015-CS-010-000037	-	92,476
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	135,664
RESEARCH & DEVELOPMENT (R&D) CLUSTER				
NATIONAL SCIENCE FOUNDATION				
Direct Programs				
On Ramp to STEM	47.076	DUE-1154289	-	108,408
Graduate and Transfer STEM Talent Expansion Program	47.076	DUE-1161231	-	481,706
Teaching Pathways Opening Doors to STEM	47.076	DUE-1239965	-	30,342
Achieving Community College Excellence, Success and Scholarship (ACCESS) in engineering and Computer Science	47.076	DUE-1458093	-	72,117
TOTAL NATIONAL SCIENCE FOUNDATION			-	692,573
U.S. DEPARTMENT OF COMMERCE (NIST)				
Direct Programs				
Summer Undergraduate Research Fellowship-PML/EE, MatSci/NCNR	11.620	70NANB16H145	-	2,112
Summer Undergraduate Research Fellowship-BFRL	11.620	70NANB15H141	-	22,888
NIST Measurement Science & Engineer	11.609	70NANB14H033	-	85,000
TOTAL U.S. DEPARTMENT OF COMMERCE			-	110,000
TOTAL R&D CLUSTER			-	802,573

MONTGOMERY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016
(CONTINUED)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number/Pass Through Grantor's Number	Amounts Passed Through to Subrecipients	Expenditures: 7/1/2015 to 06/30/2016
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Programs				
Challenge Grant	45.130	CZ-50300	\$ -	\$ 294,514
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			-	294,514
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs				
Project Aware (SAMHSA)	93.243	5U79SM060477-03	-	3,012
Passed Through Montgomery County				
Head Start Program	93.600	1042052	-	166,039
Passed Through Maryland Department of Human Resources				
Targeted Assistance Program	93.584	FIA/TAP-16-481	-	248,435
Targeted Assistance Program	93.584	FIA/TAP-15-481	-	172,695
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-16-484	-	160,477
English as a Second Language Training Program for Refugees	93.566	FIA/ORA-15-484	-	77,028
Total Passed Through Maryland Department of Human Resources			-	658,635
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	827,686
U.S. DEPARTMENT OF LABOR				
Direct Programs				
Trade Adjustment Assistance Comm. College and Career Training Grants Program	17.282	TC-26466-14-60-A-24	3,378,844	4,198,467
TOTAL DEPARTMENT OF LABOR			3,378,844	4,198,467
U.S. DEPARTMENT OF STATE				
Direct Programs				
Community Colleges in the 21st Century	19.040	S-IN650-15-GR-053	-	46,921
TOTAL DEPARTMENT OF LABOR			-	46,921
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,378,844	\$ 60,991,688

The accompanying notes are an integral part of this schedule.

MONTGOMERY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Montgomery College for the year ended June 30, 2016. 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 Montgomery College, it is not intended to and does not present the financial position, change in net position or cash flows of Montgomery College.

NOTE 2 SUMMARY OF SIGNFIICANT 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.
- (C) Montgomery College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

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

Federal Awards

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> X </u>	Yes	<u> </u>	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 Uniform Administrative Requirements, <i>Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)	<u> X </u>	Yes	<u> </u>	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 Direct Loans	84.268

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

Identification of Major Programs (Continued)

<u>Name of Federal Program or Cluster</u>		
Research and Development Cluster		
On Ramp to STEM	47.076	
Graduate and Transfer STEM Talent Expansion Program	47.076	
Teaching Pathways Opening Doors to STEM	47.076	
Achieving Community College Excellence, Success and Scholarship (ACCESS) in Engineering and Computer Science	47.076	
Summer Undergraduate Research Fellowship- PML/EE, MatSci/NCNR	11.620	
Summer Undergraduate Research Fellowship- BFRL	11.620	
NIST Measurement Science & Engineer	11.609	
Dollar threshold used to distinguish between type A and type B programs		<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

SECTION II – FINANCIAL STATEMENT FINDINGS

2016 – 001: Capitalization of Construction in Progress

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The College erroneously recorded Construction in Progress and related appropriations for the portion of the Rockville parking garage that is funded by debt issued by the Foundation. The portion funded by the Foundation is recorded as Construction in Progress on the books of the Foundation until placed into service, at which point it will transfer to the College in accordance with the capital lease agreement.

Criteria or specific requirement: COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out.” Management review controls are defined as, “the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed, and is an integral part of any internal control structure.”

Context: Rockville parking garage Construction in Progress

Effect: This error resulted in an overstatement of Construction in Progress and County Capital Appropriations in the amount of \$7,117,699. Audit adjustments were posted to correct these items.

Cause: The capital appropriation for construction of the Rockville Garage was for 100 percent of the construction cost with 50 percent of the revenue source from Montgomery County and 50 percent of the revenue source from the Revenue Authority. The capital project accountant recorded 100 percent of the expenditures to the project as appropriated and invoiced 50 percent each to the County and the Montgomery College Foundation.

This construction project was unique in that the College only has 50% ownership of the project until the project is completed, which is unlike other capital projects wherein the College has 100 percent ownership. The lease agreement between the College and the Foundation for the debt financing of this project states that the College does not assume ownership until a certificate of occupancy is received. At year-end the project was not completed, and Construction in Progress was erroneously recorded for 100 percent of the expenses incurred for the project at year-end as opposed to 50 percent.

Recommendation: We recommend that the College review its procedures related to the reconciliation of Construction in Progress, specifically for those projects completed in conjunction with the Foundation to ensure correct accounting by both entities.

Views of responsible officials and planned corrective actions: Currently, the Construction in Progress reconciliation is reviewed by the Director of Finance. Management concurs with the recommendation and to correct the weakness in internal controls will add an additional level of review by the VP of Finance to ensure that proper accounting and reporting procedures are followed.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

2016 – 002: NSLDS Error Reporting

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number:

84.007 – Federal Supplemental Education Opportunity Grants

84.033 – Federal Work Study

84.063 – Federal Pell Grant Program

84.268 – Federal Direct Student Loans

Award Period: July 1, 2015 – June 30, 2016

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: Federal regulation requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that do not pass the NSLDS enrollment reporting edits.

Condition: National Student Loan Data System (NSLDS) rosters yielded error records that were not corrected and resubmitted within the required 10 days.

Questioned costs: None

Context: This condition occurred for all monthly submissions to NSLDS during FY16.

Cause: The College utilizes the National Student Clearinghouse (NSC) as a third party provider in order to submit student information to NSLDS. NSC had software conversion issues that failed in monitoring and correcting submission errors. However, it is possible for the College to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

Effect: Student enrollment statuses may not be correctly or timely reported to the NSLDS.

Repeat Finding: Yes, prior year finding 2015-002.

Recommendation: We recommend that the College put a process in place to ensure determination of all students who withdraw, graduate, or have a change in status are accurately and timely reported to NSLDS. The College's process should include understanding if and when the NSC third party servicer has corrected the failed software programming.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

2016 – 002: NSLDS Error Reporting (Continued)

Management response and Corrective Action Plan:

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

Actions planned in response to finding: The Director of Enrollment Services and College Registrar will use the new reporting features of NSLDS (e.g. SCHER 5 report) to monitor and compare the errors to those that appear on the error report that is generated and downloaded from the National Student Clearinghouse. Confirmation of error corrections will be sent each month to the financial aid office and will be produced for viewing upon request.

Responsible Party: Ernest Cartledge

Planned completion date for corrective action plan: December 2016

Plan to monitor completion of corrective action plan: Error corrections will be completed by the 17th or 18th of each month (depending on the availability of the error report from the National Student Clearinghouse). A completion notice will be sent to the financial aid office and the error report, as well as printouts showing the date of the error corrections will be saved and available for viewing upon request.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

2016 – 003: NSLDS Enrollment Reporting

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number:

84.007 – Federal Supplemental Education Opportunity Grants

84.033 – Federal Work Study

84.063 – Federal Pell Grant Program

84.268 – Federal Direct Student Loans

Award Period: July 1, 2015 – June 30, 2016

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: All schools participating (or approved to participate) in the Federal Student Aid programs must have an arrangement to report student enrollment data to the 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).

Condition: The College did not report the enrollment status of certain students to the NSLDS in a timely manner.

Questioned costs: None

Context: For 2 of 40 status changes selected for testing, the students' enrollment statuses were reported more than 60 days after the change in status.

Cause: Human error. The Office of Financial Aid provides status change reports weekly to the Director of Enrollment Services and College Registrar. These students appeared but were missed.

Effect: The NSLDS system is not updated with the student information which can cause overawarding should the student transfer to another institution and the students may not properly enter the repayment period.

Repeat Finding: No

Recommendation: We recommend the College review its reporting procedures to ensure that students' statuses are timely reported to NSLDS as required by regulations.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

2016 – 003: NSLDS Enrollment Reporting (Continued)

Management Response and Corrective Action Plan:

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

Actions planned in response to finding: Instead of using the PDF document on the computer and scrolling through the document to find highlighted students, the document will be printed and the students will be physically checked off as their status is updated in NSLDS. A checks and balances system will also be implemented so a second review will be done to ensure that the updates officially appear in NSLDS.

Responsible Party: Ernest Cartledge

Planned completion date for corrective action plan: December 2016

Plan to monitor completion of corrective action plan: E-mail communications that document both the initial correction and verification of correction will be saved and produced upon request.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

2016 – 004: Time and Effort Reporting

Federal agency: National Science Foundation

Federal program title: Research & Development Cluster

CFDA Number:

47.076 – On Ramp to STEM

Award Period: July 1, 2015 – June 30, 2016

Type of Finding:

- Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR 200.62 Internal control over compliance requirements for federal awards requires processes to be implemented to provide reasonable assurance regarding the achievement of program objectives.

Cost Circular A-21 requires that After the Fact activity reports reflect a reasonable estimate of the work performed by the employee during the period. Charges may be made initially on the basis of estimates provided that such charges are promptly adjusted if significant differences are indicated by activity records.

Condition/Context: For 1 of 40 payroll disbursements selected for testing, the actual hours charged to the grant exceeded the hours reported per time and effort reports.

Questioned costs: \$564

Cause: Human Error. For every new publically-funded grant, the Grants Compliance Specialist conducts a “Kick-Off” meeting with the Principal Investigator(s)/Project Director(s) and the assigned Grants Accountant. At the meeting, the Grants Compliance Manual is provided to the PI/PD, and this document includes an explanation of Time & Effort reporting. If the PI/PD is new to Time & Effort reporting, then time is spent discussing this process. During the life of the grant, the Grants Compliance Specialist contacts the PI/PD during the fall, spring and summer semesters to request Time & Effort reports for faculty. The PI/PD is responsible for collecting, reviewing, signing and returning the reports to the Grants Compliance Specialist. In this particular case, the Time & Effort was reported inaccurately.

Effect: Expenditures may be charged to grant accounts that are not allowable.

Repeat Finding: No

Recommendation: We recommend the College review its time and effort procedures to ensure that proper hours are reported and hours charged do not exceed those reported as actual hours worked per the time and effort certifications. The College should promptly make adjustments when hours charged exceed time and effort certifications. Lastly, we recommend the College perform a “spot check” of time and effort certifications on a sample basis to ensure that procedures have been implemented.

MONTGOMERY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016
(CONTINUED)

2016 – 004: Time and Effort Reporting (Continued)

Management Response and Corrective Action Plan:

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

Actions planned in response to finding: The Office of Grants and Sponsored Programs (OGSP) and the Office of Business Services (OBS) has already begun to review the Time & Effort reporting processes, with the goal of identifying areas of improvement. A meeting with representatives from OGSP, OBS, and Academic Affairs will be scheduled in January or February 2017. Suggested improvements include: 1) adding checks and balances, including “spot checking,” by the Grants Compliance Specialist; 2) reviewing the Grants Compliance Manual, the Time & Effort reporting form, and other related documentation for clarity; 3) posting updated Time & Effort reporting documentation and related Uniform Guidance on the OGSP website; 4) developing training on Time & Effort reporting and providing the training to the deans and PI/PDs, as well as posting on the OGSP website; and 5) holding annual meetings between OGSP and OBS to review Time & Effort reporting processes.

Responsible Party: Rose Garvin Aquilino and Monica Wong

Planned completion date for corrective action plan: March 15, 2017

Plan to monitor completion of corrective action plan: The Grants Compliance Specialist and Grants Accountants will monitor the corrective action plan for Time & Effort reporting every fall, spring and summer semester.

MONTGOMERY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

SECTION IV – PRIOR YEAR FINDINGS

2015 – 002: SFA Cluster – Error Reporting to NSLDS

National Student Loan Data Systems (NSLDS) rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days.

Reason for finding's recurrence: Repeated as finding 2016-002. The NSC has not corrected the software issue that has resulted in error records remaining uncorrected. We will increase efforts to manage this issue.