



NICOLE GALLOWAY, CPA **Missouri State Auditor**

Honorable Michael L. Parson, Governor
and
Members of the General Assembly
and
State Board of Education
and
Dr. Margie Vandeven, Commissioner
Department of Elementary and Secondary Education
Jefferson City, Missouri

We completed audit work at the Department of Elementary and Secondary Education (DESE) as part of our annual statewide audits of the state's financial statements and federal awards for the fiscal year ended June 30, 2020. We issued audit reports (Report Nos. 2021-006 and 2021-017) of the state's Comprehensive Annual Financial Report, in February and March 2021; and issued the Single Audit Report (Report No. 2021-024), in May 2021.¹ The purpose of this letter is to summarize and communicate to stakeholders, the audit work performed at the DESE during these audits and the audit results.

Statewide Audits and Methodology

We conducted the annual financial statement audit 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. The financial statement audit includes, among other things, expressing an opinion on whether the state's financial statements are fairly presented, in all material respects. The Office of Administration (OA) prepared the Comprehensive Annual Financial Report (financial statements) from various sources including the statewide accounting (SAM II) system and survey data received from state agencies and offices. The state's financial statements covered \$47 billion in total assets and \$31 billion in total expenses for fiscal year 2020. To satisfy our audit objectives, we evaluated and identified the accounts significant to each opinion unit within the state's financial statements and performed various audit procedures, including reviews of related internal controls for each of those accounts. For fiscal year 2020, our financial statement audit included work at the OA and 12 state agencies and offices.

We conducted the annual Single Audit 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). The Single Audit includes, among other things, expressing an opinion on whether the state complied with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs. The state's Schedule of Expenditures of Federal Awards (SEFA), which did not include federal

¹ Audit reports are available at: <<https://auditor.mo.gov/AuditReport/Menu>>.

award expenditures of the public universities and other component units, reported the state expended more than \$17 billion in federal funds for 308 programs in fiscal year 2020. We performed risk assessments on each of the state's 31 Type A programs (programs with federal award expenditures more than \$30 million) and 24 larger Type B programs (programs with federal award expenditures between \$7.5 million and \$30 million) and audited (as major) each program assessed as high risk in accordance with the Uniform Guidance. For each major program, we performed various audit procedures, including testing and reviews of internal control over compliance requirements that could have a direct and material effect on the program. For fiscal year 2020, our Single Audit included 15 major federal programs with expenditures totaling \$12.6 billion, administered by 9 state agencies.

Financial Statement Audit Work at the DESE

For the DESE, we audited expenditure activity totaling \$5.7 billion, including \$2.4 billion for the General Revenue Fund, \$826 million for the Department of Elementary and Secondary Education Fund, \$837 million for the Outstanding Schools Trust Fund, \$183 million for the Lottery Proceeds Fund, \$232 million for the State School Moneys Fund, \$919 million for the School District Trust Fund, and \$272 million for the Classroom Trust Fund. In addition, we audited an accounts payable balance of \$45 million for the Department of Elementary and Secondary Education Fund.

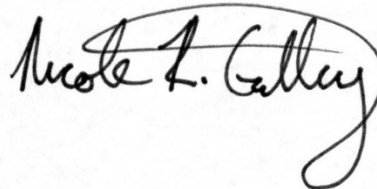
Single Audit Work at the DESE

The DESE reported federal award expenditures totaling \$1.1 billion for fiscal year 2020. We audited, as major, 3 programs with expenditures totaling \$338 million: the Title I Grants to Local Educational Agencies program, the Supporting Effective Instruction State Grants (formerly Improving teacher Quality State Grants) program, and the Elementary and Secondary School Emergency Relief (ESSER) Fund program.

Audit Results and Findings at the DESE

Our responsibility for the statewide audits is limited to the previously stated objectives. The audit reports of the state's financial statements reported no material misstatements for the DESE. The Single Audit reported no material noncompliance with direct and material compliance requirements for the major programs audited at the DESE.

We are required by the audit standards and single audit requirements to report as audit findings certain significant or material conditions such as weaknesses in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; fraud; and/or known or likely questioned costs greater than \$25,000. The reports issued reported no audit findings related to the audit procedures performed at the DESE.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor