



SCOTT FITZPATRICK MISSOURI STATE AUDITOR

Honorable John R. (Jay) Ashcroft, Secretary of State
Jefferson City, Missouri

We completed audit work at the Office of Secretary of State (SOS) as part of our annual statewide audit of the State of Missouri's financial statements for the fiscal year ended June 30, 2022. We issued audit reports (Report Nos. 2023-010 and 2023-022) of the state's Annual Comprehensive Financial Report, in March and May 2023.¹ The purpose of this letter is to summarize, and communicate to stakeholders, the audit work performed at the SOS during the audit and the audit results.

Statewide Financial Statement Audit 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 Annual Comprehensive 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 \$57 billion in total assets and \$34 billion in total expenses for fiscal year 2022. 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 internal controls for each of those accounts. For fiscal year 2022, our financial statement audit included work at the OA and 14 other state agencies and offices. To avoid the appearance of a conflict of interest, the State Auditor recused himself from participation in the financial statement audit because he managed various cash and investment balances in his role as State Treasurer as of June 30, 2022. He directed the Audit Director to oversee procedures performed by the State Auditor's professional audit staff.

Financial Statement Audit Work at the SOS

For the SOS, we audited an accounts receivable balance (and related deferred inflows of resources) of \$19.4 million for the State School Moneys Fund.

Audit Results and Findings at the SOS

Our responsibility for the statewide financial statement audit is limited to the previously stated objectives. The audit reports of the state's financial statements reported no material misstatements for the SOS.

We are required by the audit standards 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; and/or fraud.

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

We reported an audit finding related to the SOS's internal controls over financial reporting.

- Office of Secretary of State Financial Reporting Controls (Finding No. FS2022-006) - The SOS did not have adequate controls and procedures over financial reporting of accounts receivable. As a result, civil penalty accounts receivable data submitted to the OA for inclusion in the financial statements for the year ended June 30, 2022, was misstated. If the resulting misstatements had not been identified during the audit, Government Wide - Governmental Activities and Public Education Fund net accounts receivable and related liability balances would have been overstated by at least \$9.7 million in the financial statements.

The SOS disagreed with the audit finding. The audit finding and the SOS's response, including explanation and specific reasons for disagreement, are included in our Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2023-022) and the SOS's Corrective Action Plan is included in the Single Audit Report (Report No. 2023-030).



Kim Spraggs, CPA, CGAP
Director of Audits