



Tab 25

Overview of Recent Audit Reports

Coordinating Board for Higher Education
December 7, 2022

BACKGROUND

DHEWD undergoes routine annual audits by the following entities:

1. State Auditor's Office (SAO) – The SAO determines which funds have the most significant amount of activity and tests transactions from those funds during its annual Statewide Financial Statements Audit (SEFA). Within DHEWD, the loan program, the state financial aid funds, and federal funds administered by the Office of Workforce Development typically have activity at a level that the SAO considers significant. The SAO conducts the SEFA of these funds and includes the findings in its comprehensive annual financial report (CAFR).
2. United States Department of Education (USDE) – The USDE performs on-site reviews of the Missouri Student Loan Program (MSLP) information security controls, as well as requires the department to submit self-assessments of information security controls each year.
3. CliftonLarsonAllen, LLP – Through a contract awarded by the Office of Administration, CliftonLarsonAllen, LLP audits the MSLP's annual comparative financial statements. An independent audit is required by the USDE of all guaranty agencies; the department must submit a copy of its audited financial statements to the USDE each year.

CURRENT STATUS

State Auditor

DHEWD received notice on October 4, 2022 that the SAO is beginning the CAFR for the state fiscal year ended June 30, 2022. A copy of the notification letter is attached.

Clifton, Larson, Allen

CLA has almost completed its audit of the loan program for the most recently ended fiscal year. CLA is providing a verbal report today.

U.S. Department of Education

No update.

NEXT STEPS

State Auditor

DHEWD staff will work with the SAO to complete the DHEWD portion of the CAFR.

Clifton, Larson, Allen

Awaiting final audit report.

U.S. Department of Education

N/A

RECOMMENDATION

This is an information item only

ATTACHMENTS

- A. October 4, 2022 SAO Governance Letter



NICOLE GALLOWAY, CPA
Missouri State Auditor

October 4, 2022

Coordinating Board for Higher Education
Missouri Department of Higher Education and Workforce Development
301 W. High Street
Jefferson City, Mo. 65101

We are beginning the audit of the state of Missouri's Annual Comprehensive Financial Report (ACFR), which includes the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri for the year ended June 30, 2022. While the Office of Administration coordinates the preparation of the ACFR, numerous state agencies contribute to that process through authorization and processing of transactions on the state's accounting system and/or submission of additional financial data. Our audit of the financial statements will require us to perform work at various state agencies, including the Missouri Department of Higher Education and Workforce Development. In addition, we are beginning our annual statewide single audit of the state's expenditures of federal awards as required by the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. That audit will also require us to perform work at the Missouri Department of Higher Education and Workforce Development. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with 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 control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the department's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the department's compliance with the types of compliance requirements described in the OMB Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the department's compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, including the Schedule of Expenditures of Federal Awards (SEFA), as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and SEFA; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and SEFA and the risk of material noncompliance, and to design the nature, timing, and extent of further audit procedures. Material misstatements or material noncompliance may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified no significant risks of material misstatement as part of our audit planning.

Kim Spraggs, CPA, CGAP, Audit Director, has been assigned, under the State Auditor, the highest level supervisory responsibility for the audit of Missouri Department of Higher Education and Workforce Development.

The purpose of this letter is solely to communicate to those charged with governance regarding our responsibilities, as described by professional standards, as well as the planned scope and timing of our audit work. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in describing the nature of the audit work to be performed.

Accordingly, this letter is not suitable for any other purposes. We began our audit on approximately September 2022. If you have any questions or concerns, please feel free to call me at (573) 751-4213.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lieser". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

John Lieser
Audit Manager