



Tab 26

Overview of Recent Audit Reports

Coordinating Board for Higher Education
December 8, 2021

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

The SAO began the Missouri Annual Comprehensive Financial Reports (CAFR) audit on September 30, 2021. This audit will include a review of the financial records of the Department, the loan program, and the WIOA program.

Office of the Inspector General (OIG) – United States Department of Education

The OIG issued its Missouri Draft GEER Audit Report on November 11, 2021. There are no findings against DHEWD. A copy of the report is attached.

NEXT STEPS

State Auditor

DHEWD staff will continue to work with the SAO on the CAFR.

RECOMMENDATION

This is an information item only.

ATTACHMENT

- Missouri GEER Draft Audit Report



U.S. Department of Education
Office of Inspector General

Missouri's Administration
of the Governor's
Emergency Education Relief
Fund Grant

DRAFT REPORT

November 10, 2021
ED-OIG/ A20GA0018

We are providing this draft report to obtain advance review and comment from those with responsibility for the subjects it discusses. This report is predecisional and subject to revision.

You should not show or release the contents of this draft report for purposes other than official review and comment, except where required by law. You must safeguard this report to prevent publication or improper disclosure of the information it contains. This draft and all copies of it remain the property of the Office of Inspector General, and you must return it at our request.

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.

November 10, 2021

The Honorable Michael L. Parson
Governor, State of Missouri
P.O. Box 720
Jefferson City, MO 65102

Dear Governor Parson:

This draft audit report, "Missouri's Administration of the Governor's Emergency Education Relief Fund Grant," Control Number ED-OIG/A20GA0018, presents the results of our audit. Please review this draft report and provide us with your written comments on the findings and recommendations by December 10, 2021.

Please state whether you agree with each finding and recommendation.

- If you agree, describe the corrective actions you have already taken or those you plan to take and provide the targeted completion dates.
- If you do not agree with a finding or recommendation, give your reasons for disagreement and information to support your position. For recommendations, you may present alternative corrective actions you have taken or plan to take and the targeted completion dates.

Please provide your comments to Teri L. Lewis, Assistant Regional Inspector General for Audit, at Teri.Lewis@ed.gov using a PDF file to show your organization letterhead and an official signature. In addition, please provide a copy of your comments in a Microsoft Word file to meet accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. Please refer to the control number above in all correspondence.

If we do not receive your comments by the date above, we may not consider them as we prepare the final audit report.

This draft report is subject to further review and revision, so please safeguard it against unauthorized use.

If you have any questions, please call me at (404) 974-9424.

Sincerely,

/s/

Selina Boyd
Regional Inspector General for Audit

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Results in Brief

What We Did

The objectives of the audit were to determine whether the State of Missouri (Missouri) designed and implemented awarding processes that ensured that the Governor's Emergency Education Relief Fund (GEER grant) was used to support local educational agencies (LEAs) and institutions of higher education (IHEs) that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities within the State that were deemed essential for carrying out emergency educational services; and monitoring processes to ensure that subgrantees used GEER grant funds in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other applicable Federal requirements.¹ Our review covered the first of two GEER grants that Missouri received, including the processes that it used to award and monitor GEER grant funds, for the period March 13, 2020, through October 1, 2021.

To accomplish our objectives, we reviewed relevant Federal laws, regulations, and guidance. We assessed Missouri's awarding processes for the three initiatives (LEA Transportation Supplement, LEA Connectivity, and IHE initiatives) it funded with the GEER grant, including Missouri's methodology for identifying LEAs and IHEs that were most significantly impacted by the coronavirus. To assess Missouri's awarding processes, we reviewed samples of grant applications for the three initiatives Missouri funded, in order to determine whether the subgrantees submitted the required documentation and signed the required assurances; allocations Missouri awarded to LEAs and IHEs, in order to assess the accuracy and completeness of the allocation methodology; and Missouri's drawdown transactions from the U.S. Department of Education's (Department) G5 grants management system, in order to determine whether Missouri complied with cash management requirements. We also assessed Missouri's processes for monitoring its GEER grant subgrantees. Our assessment included a review of Missouri's Department of Elementary and Secondary Education's (DESE) and Department of Higher Education and Workforce Development's (DHEWD) monitoring plans and processes. We also reviewed a sample of IHE expenditures to

¹ The CARES Act authorizes Governors to provide grants to LEAs and IHEs within their jurisdiction that have been most significantly impacted by coronavirus, and to use funds to provide support to other LEAs, IHEs, and education-related entities that the Governor deems essential for carrying out emergency educational services, providing childcare and early childhood education, providing social and emotional support, and protecting education-related jobs.

determine whether subgrantees under Missouri's IHE Initiative used GEER grant funds for allowable purposes.²

What We Found

We found that for two of the initiatives Missouri funded with its GEER grant (LEA Transportation Supplement Initiative and IHE Initiative), Missouri's DESE and DHEWD designed and implemented awarding processes that ensured the GEER grant was used to support LEAs and IHEs that were most significantly impacted by the coronavirus, as determined by the State. However, for the third initiative (LEA Connectivity Initiative), while DESE created a methodology designed to ensure the GEER grant funds were used to support LEAs that were most significantly impacted by the coronavirus, it did not correctly implement the process it designed. Specifically, DESE's implementation included an error in its written allocation methodology for a data element used to identify the LEAs most significantly impacted by the coronavirus and a formula error in the calculation used to rank LEAs as most significantly impacted by coronavirus. DESE's implementation also lacked documentation to fully support that reallocations due to changes in guidance for equitable services to nonpublic schools and the correction of a formula error were accurate and complete.³ Because DESE did not provide documentation to fully support its LEA Connectivity Initiative reallocations, the audit team could not determine whether Missouri awarded GEER grant funds to LEAs most significantly impacted by the coronavirus.

We found that for all three initiatives, Missouri ensured that the LEAs and IHEs that received a GEER grant allocation submitted the required applications and assurances. We also found that Missouri followed cash management requirements.

We found that Missouri's DHEWD designed and implemented a comprehensive reimbursement process as its monitoring strategy to ensure that subgrantees of its IHE Initiative used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. However, we found that DESE's plan for monitoring subgrantees of its LEA Connectivity and LEA Transportation Supplement initiatives could be strengthened. Specifically, DESE should include in its monitoring plan a requirement for

² We did not review a sample of LEA reimbursements for allowability because DESE's process for reimbursement did not include the collection and review of supporting documentation related to LEAs' expenditures under Missouri's LEA Connectivity and LEA Transportation Supplement initiatives.

³ Before this draft audit report was issued, DESE revised its written allocation methodology and corrected the formula error in the calculation used to rank LEAs.

LEAs to certify their responses to the self-assessment questionnaire DESE will use for monitoring, and develop protocols to review LEAs' expenditures, as this will provide additional assurance that subgrantees used GEER grant funds for allowable purposes.

After the exit conference, DESE added a requirement in its GEER Fiscal Monitoring Guide for LEAs to certify their responses to the self-assessment monitoring questionnaire, and revised the guide to include a review of high-risk LEAs' expenditures during on-site monitoring reviews. However, because the number of LEAs likely to be identified as high-risk based on DESE's risk assessment process is small, also reviewing a sample of medium-risk LEAs' expenditures would increase the likelihood that DESE's monitoring process would identify unallowable expenditures.

What We Recommend

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require Missouri to—

- provide evidence that its May 2021 LEA Connectivity Initiative reallocations are accurate and complete, and if not, make proper corrections as needed, and inform the affected LEAs accordingly;
- develop and implement controls to ensure that allocation methodologies are implemented as designed, and funding decisions are fully supported; and
- develop and implement protocols to review a sample of medium-risk LEAs' expenditures for allowability.

Introduction

Purpose

The objectives of the audit were to determine whether the State of Missouri (Missouri) designed and implemented awarding processes that ensured that the Governor's Emergency Education Relief Fund (GEER grant) was used to support local educational agencies (LEA) and institutions of higher education (IHE) that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities within the State that were deemed essential for carrying out emergency educational services; and monitoring processes to ensure that subgrantees used GEER grant funds in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other applicable Federal requirements. Our review covered March 13, 2020, through October 1, 2021.

Background

GEER Grant Authorized by the CARES Act

The CARES Act,⁴ which was signed into law on March 27, 2020, provides a total of \$30.75 billion for the Education Stabilization Fund, of which approximately \$3 billion was provided to Governors to make awards to LEAs, IHEs, and other education-related entities⁵ within each State through the GEER grant. Congress intended the GEER grant to be an emergency appropriation to address coronavirus-related disruptions and support a State's ability to continue to provide educational services to students and to support the ongoing functionality of the LEAs and IHEs. In accordance with section 18002(b) of the CARES Act, the Secretary of the U.S. Department of Education (Department) awarded GEER grant funds to Governors using the following factors: 60 percent of the State's allocation was based on the State's relative population of individuals aged 5 through 24, and 40 percent of the State's allocation was based on the relative number of children counted⁶ under section 1124(c) of the Elementary and Secondary Education Act of 1965, as amended (ESEA). Governors that received a GEER grant were required by

⁴ Public Law No. 116-136.

⁵ The Department's Frequently Asked Questions About the GEER Fund document defines an education-related entity as a governmental, nonprofit or for-profit entity within the State that provides services that support preschool, elementary, secondary, or higher education.

⁶ For example, children counted for the purposes of making Title I, Part A formula grants to local educational agencies, or the Title I, Part A formula count.

the Department to designate a State agency as the fiscal agent to administer the GEER grant. The fiscal agent is responsible for overseeing and monitoring all GEER grant activities in the State.

The Department was required to obligate funds by September 30, 2021, and States and their subgrantees are required to obligate funds by September 30, 2022. Unused funds must be returned to the Department.

Allowable Uses of GEER Grant Funds

Section 18002(c) of the CARES Act authorized GEER grant funds to be used to provide

- emergency support through grants to LEAs that the State educational agency (SEA) deems have been most significantly impacted by coronavirus to support the ability of such LEAs to continue to provide educational services to their students and to support the ongoing functionality of the LEA;
- emergency support through grants to IHEs serving students within the State that the Governor determines have been most significantly impacted by coronavirus to support the ability of such institutions to continue to provide educational services and support the ongoing functionality of the institution; and
- support to any other IHE, LEA, or education-related entity within the State that the Governor deems essential for carrying out emergency educational services to students for authorized activities described in section 18003(d)(1)⁷ of the CARES Act or the Higher Education Act of 1965, as amended, the provision of childcare and early childhood education, social and emotional support, and the protection of education-related jobs.

U.S. Department of Education's Administration of the GEER Grant

The Department notified Governors of their GEER grant allocations in April 2020 and provided guidance on how to apply for the funds. To receive the State's GEER grant allocation, the Governors submitted a signed Certification and Agreement to the

⁷ Section 18003(d)(1) of the CARES Act authorizes LEAs to use GEER grant funds for any activity authorized by the ESEA of 1965, including the Native Hawaiian Education Act and the Alaska Native Educational Equity, Support, and Assistance Act, the Individuals with Disabilities Education Act, the Adult Education and Family Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2006, or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act.

Department by June 8, 2020.⁸ The Certification and Agreement served as the application to receive funds under the GEER grant, as provided in section 18002(a) of the CARES Act. The Certification and Agreement included information on the State's planned use of the GEER grant funds and programmatic, fiscal, and reporting assurances.

The Department's Certification and Agreement required States, within 45 days of receiving a GEER grant award, to submit an initial report to the Department detailing their process for awarding the funds to LEAs, IHEs, or other education-related entities, including the criteria for determining entities that are most significantly impacted by coronavirus or deemed essential for carrying out emergency educational services, and the State's methodology for formulating those criteria. The Certification and Agreement also included a requirement that States submit quarterly reports to the Secretary on their uses of funds.

To answer questions about information that may not be easily understood from reading section 18002 and other parts of the CARES Act, the Department issued a Frequently Asked Questions document. The Department also encouraged SEAs to consult with the Governor when making determinations of which LEAs were most significantly impacted by coronavirus. In addition to the guidance document provided, the Department provided technical assistance to State agencies through conference calls to discuss their allocation methodologies and plans for using the funds, and to answer any questions they might have.

Missouri's GEER Grant Initiatives

The Governor of Missouri received \$54.6 million in GEER grant funds. Missouri allocated \$30 million to its Department of Elementary and Secondary Education (DESE), which was the State's fiscal agent, and \$24.6 million to its Department of Higher Education and Workforce Development (DHEWD).

DESE conducted webinars to inform LEAs of its initiatives funded by the GEER grant, and DESE and DHEWD provided grant packages to LEAs and public IHEs, respectively, that included an application; instructions on the application and reimbursement processes; and the programmatic, fiscal, and reporting assurances from the Department's Certification and Agreement for GEER grant funds. The packages also included compliance requirements and guidance on allowable and unallowable expenditures. By signing the application, LEAs and IHEs agreed to comply with all applicable GEER grant requirements.

⁸ The deadline was extended from its original date of June 1, 2020, to June 8, 2020.

DESE Initiatives

DESE allotted \$15 million of its GEER grant funds for its LEA Connectivity Initiative that was intended to increase the number of elementary and secondary education students who have access to the internet and digital learning resources. Allowable expenditures included Wi-Fi enabled devices and costs to provide Wi-Fi enabled device functionality. DESE allotted the remaining \$15 million in GEER grant funds for its LEA Transportation Supplement Initiative to assist LEAs with transportation-related expenses arising from the coronavirus. Allowable expenditures included school bus and fuel purchases, medical and cleaning supplies, and salary and benefits for bus drivers and aides.

DHEWD Initiatives

DHEWD allotted \$23.6 million of its GEER grant funds to an IHE Initiative that was intended to provide institutional support to its 23 public IHEs, all of which had a 12 percent reduction in funding for fiscal year 2021 due to shortfalls in Missouri's General Revenue Fund. Allowable expenditures included salaries for staff and infrastructure and technological expenses incurred to provide educational services and institutional support in a remote environment. DHEWD plans to use its remaining \$1 million in GEER grant funds for a pilot program, Re-Enrollment and Persistence Coaching, that is expected to provide coaching to students who have prior college credit but are not currently enrolled. We did not review DHEWD's plans for this pilot program because the program was still being developed at the time of our review.

Finding 1. Missouri Designed and Generally Implemented Awarding Processes that Ensured that GEER Grant Funds Supported LEAs and IHEs that Were Most Significantly Impacted by the Coronavirus

We found that for two of the initiatives Missouri funded with its GEER grant (LEA Transportation Supplement Initiative and IHE Initiative), Missouri's DESE and DHEWD designed and implemented awarding processes that ensured that the GEER grant was used to support LEAs and IHEs that were most significantly impacted by the coronavirus, as determined by the State. We also found that the factors Missouri included in the allocation methodologies for the two initiatives aligned with the intent of the CARES Act to support LEAs and IHEs most significantly impacted by coronavirus.

For a third initiative that Missouri funded with its GEER grant (LEA Connectivity Initiative), although DESE created a methodology designed to ensure that the GEER grant funds were used to support LEAs that were most significantly impacted by the coronavirus, it did not correctly implement the process it designed. DESE's implementation included an error in a data element in its written allocation methodology to identify the LEAs most significantly impacted by the coronavirus and a formula error in the calculation used to rank LEAs as most significantly impacted by coronavirus. DESE's implementation also lacked documentation to fully support that reallocations due to changes in guidance for equitable services to nonpublic schools and correction of a formula error were accurate and complete. As such, we could not determine whether Missouri awarded GEER grant funds to LEAs most significantly impacted by the coronavirus.

Allocation Methodology for LEA Transportation Supplement and IHE Initiatives

DESE's LEA Transportation Supplement Initiative allocation methodology used DESE's annual transportation allocation formula, which considers factors such as the number of miles driven, the number of students transported, and annual transportation expenses to identify LEAs with the greatest transportation burden. The purpose of the LEA Transportation Initiative was to address LEAs' additional transportation needs, such as the need for additional sanitation for buses, and additional routes, buses, and drivers to allow for social distancing of riders, due to coronavirus. DESE allocated GEER grant funds to 539 of its 558 LEAs for this initiative.

DHEWD's IHE Initiative allocation methodology used the number of students enrolled, the number of faculty and staff employed, and the number of Pell grant recipients

enrolled at the State's public IHEs to identify those with the greatest need, reasoning that these IHEs would have the largest number of students, faculty, and staff affected by coronavirus. Public IHEs experienced a 12-percent reduction in funding for fiscal year 2021 due to shortfalls in Missouri's General Revenue Fund, and the GEER grant helped to alleviate that reduction. DHEWD allocated GEER grant funds to 23 public IHEs for this initiative.

Allocation Methodology for DESE's LEA Connectivity Initiative

To fund the LEA Connectivity Initiative, DESE initially allotted \$15 million in GEER grant funds and \$4.9 million in ESSER grant funds. According to DESE's written allocation methodology for the LEA Connectivity Initiative, DESE was to allocate the GEER grant funds to LEAs that DESE identified as most significantly impacted by the coronavirus, as required. The written methodology did not specify how the ESSER funds were to be allocated to LEAs for this initiative; however, DESE explained that after it applied all the LEA Connectivity Initiative's GEER grant funds, it continued down the ranked list of LEAs, funding LEAs until the ESSER grant funds were exhausted. The purpose of the LEA Connectivity Initiative was to increase the number of students who have access to the internet and digital learning resources by providing Wi-Fi enabled devices and hotspots to students. Missouri has an estimated 200,000 students who lack access to digital learning resources, which poses a challenge for schools to maintain continuity of learning when public health factors (such as coronavirus) cause school closures. Affordability contributes to the lack of digital learning resources and some families cannot afford wi-fi enabled devices, cellular data, or monthly broadband charges.

To allocate GEER grant funds related to its LEA Connectivity Initiative, DESE first used two factors that provided a basis for determining the LEAs that were most significantly impacted by the coronavirus: the DDI socioeconomic score for the county where the LEA is located and the LEA's free and reduced lunch (FRL) rate. The DDI socioeconomic score originates from a study conducted by Purdue University, and provides a measure of socioeconomic characteristics⁹ that are known to impact people's adoption of technology. The FRL rate is the rate of students in the district that qualify for free and reduced lunch prices.

In an allocation spreadsheet, DESE averaged the DDI socioeconomic score and FRL rate for each LEA to arrive at a calculated score for each of the 555 LEAs that had

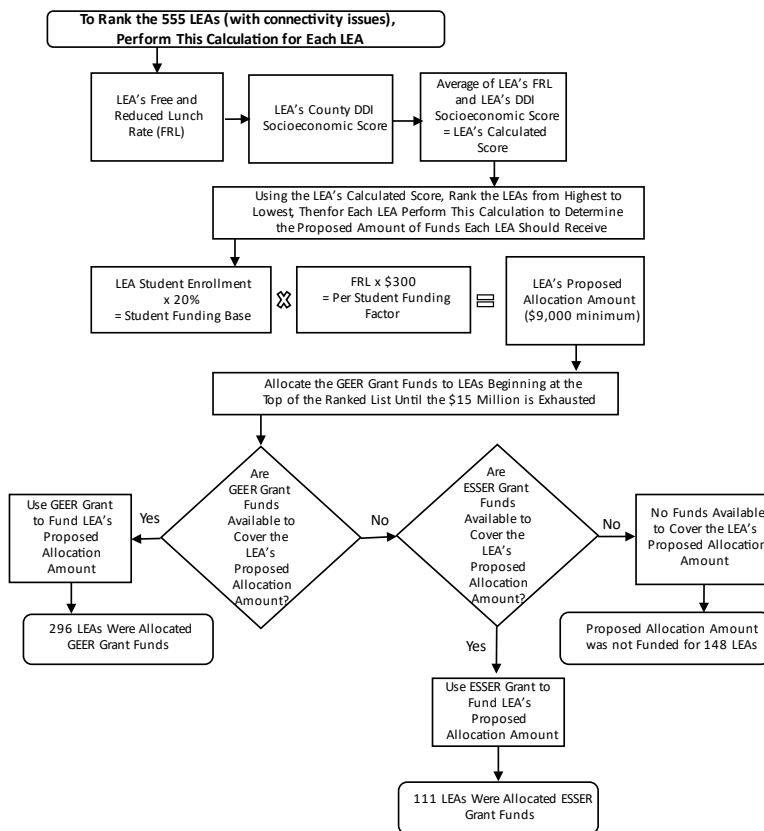
⁹ Examples of socioeconomic characteristics known to impact technology adoption are the percent of the population that is age 65 and over, the percent of the population that is age 25 and older that has less than a high school education, and the individual poverty rate for the county.

connectivity issues.¹⁰ The LEAs with the highest scores were considered most significantly impacted by the coronavirus. DESE ranked the 555 LEAs by score, highest to lowest, and then performed a calculation using two additional factors to determine the amount of GEER grant funds each LEA should be allocated: Student Funding Base (20 percent of the LEA's 2019 student enrollment) and Per Student Funding (FRL rate multiplied by \$300). DESE then multiplied the Student Funding Base factor by the Per Student Funding factor to determine the amount of funds each LEA should be allocated for the Connectivity Initiative. However, because there was only \$15 million of GEER grant funds and \$4.9 million of ESSER grant funds allotted to the LEA Connectivity Initiative, not all of the 555 LEAs could receive funds for the LEA Connectivity Initiative based on the proposed allocation amounts in the spreadsheet. Therefore, DESE applied the GEER grant funds to LEAs by starting at the top of the ranking list of 555 LEAs (highest scores represent most significantly impacted) and working down the list until the \$15 million in GEER grant funds were exhausted. As such, DESE allocated the GEER grant funds to 296 of the 555 LEAs. Next, using the \$4.9 million in ESSER grant funds, DESE was able to apply ESSER grant funds to the next 111 LEAs on the ranking list. The remaining LEAs on the ranking list did not receive funds for the Connectivity Initiative. See Figure 1 for DESE's Connectivity Initiative allocation process illustrated as described above.

DESE notified the LEAs of their GEER grant allocation amount, required the LEAs to submit an application and a budget to receive the allocation, and informed them that the funds will be available on a reimbursement basis. As of September 22, 2021, not all of the original 296 LEAs had applied for their GEER grant allocation; however, DESE stated that it believed that all of them would apply for the funds before the obligation deadline, which was September 30, 2021.

¹⁰ Three of Missouri's 558 LEAs were not eligible for GEER grant funds under the LEA Connectivity Initiative because they did not have connectivity issues: Missouri Schools for the Severely Disabled, Pemiscot County Special School District, and Voluntary Interdistrict Choice Corporation.

Figure 1. DESE’s Connectivity Initiative Allocation Process



Data Element Error in Implementation of Allocation Methodology

We found that the DDI score that DESE used to determine the LEAs’ coronavirus impact in its calculation to rank the 555 LEAs was not the DDI score included in the written allocation methodology DESE published on its website in its Guidance for the Missouri Student Connectivity Grant, dated August 6, 2020, and reported to the Department in its 45-day report. According to DESE’s written allocation methodology, one of the factors that it planned to use to rank the LEAs was the DDI infrastructure score, which measures the percentage of the population that does not have internet access or computing devices in a specific county. However, as described in the section above, DESE used the DDI socioeconomic score in the allocation spreadsheet. Although both factors relate to what is known as the “digital divide”—the gap between those who have access to technology and those who do not—and could therefore be used to determine coronavirus impact for the purpose of this initiative, anyone who viewed Missouri’s

website and 45-day report to learn how it allocated GEER grant funds to LEAs would not have had an accurate understanding of the factors that Missouri actually used.

According to the Assistant Commissioner for the Office of Quality Schools (OQS), DESE's intent was to use the DDI socioeconomic score and not the DDI infrastructure score, but somehow, they included the wrong language in the written allocation methodology. The Assistant Commissioner stated that several staff members reviewed the written allocation methodology but did not identify the error. Before this draft audit report was issued, Missouri provided additional documentation as evidence that it revised the allocation methodology on its website to include its use of Purdue University's DDI socioeconomic score instead of the DDI infrastructure score.

Formula Errors in the Allocation Spreadsheet

We also found that the DDI socioeconomic scores DESE used to rank LEAs for GEER grant allocations were incorrect for 73 of the 555 LEAs, which resulted in 554 LEAs being incorrectly ranked on DESE's August 2020 allocation calculation spreadsheet. To rank LEAs, DESE used a spreadsheet it obtained from a Purdue University study that contained a DDI socioeconomic score for each county in Missouri. In the allocation calculation spreadsheet that DESE created, DESE used a Microsoft Excel VLOOKUP formula that was intended to pull the DDI socioeconomic score from the Purdue University spreadsheet for the county where each LEA is located.¹¹ However, DESE's allocation calculation spreadsheet contained an error in the VLOOKUP formula that caused 73 LEAs to be assigned the incorrect socioeconomic score and the 554 LEAs to be incorrectly ranked.

In March 2021, DESE revised the August 2020 allocation calculation spreadsheet to correct the DDI socioeconomic scores for the 73 LEAs, after we informed DESE of the errors. The corrections resulted in the re-ranking of the 554 LEAs. Because the ranking of the LEAs changed with the March 2021 correction, DESE had to reallocate the GEER grant funds to ensure the LEAs most significantly impacted by the coronavirus (as determined by DESE's corrected LEA rankings list) were allocated GEER grant funds.

¹¹ The Vlookup function is a built-in function in Microsoft Excel that makes Excel "look up" data in a table and places that data into another location in the same spreadsheet or in a different spreadsheet located in the same Microsoft Excel workbook as the source data.

DESE performed this reallocation in May 2021, which resulted in 290 LEAs being allocated \$14.7 million in GEER grant funds.¹²

DESE provided us with Excel spreadsheets to support its May 2021 reallocation of GEER grant funds; however, the spreadsheets did not contain sufficient data for us to determine whether the new LEA allocation amounts for the 290 LEAs were correct. For example, the spreadsheets did not include the formulas used to calculate the 555 LEAs' preliminary reallocation amount, which would dictate those LEAs that should ultimately be offered a GEER grant allocation versus LEAs that should be offered an ESSER grant allocation versus LEAs that should not be offered any allocation for the LEA Connectivity Initiative. Because DESE did not provide documentation to fully support the reallocation amounts, we are not able to determine if the LEAs that were allocated GEER grant funds were those that were most significantly impacted by the coronavirus as determined by DESE's March 2021 corrected LEA rankings list.

According to the CARES Act Section 18002(c)(1), GEER grant funds may be used to provide emergency support through grants to LEAs that the SEA deems have been most significantly impacted by coronavirus to support the ability of such LEAs to continue to provide educational services to their students and to support the ongoing functionality of the LEA.

According to 2 Code of Federal Regulations (C.F.R.) section 200.303(a) and (c), a non-Federal entity should establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the Federal award. Further, the non-Federal entity must also evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of Federal awards.

The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government" Principle 10 states that management should design appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. Principle 13 states that management should process obtained data into quality information that supports the internal control system. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.

¹² The amount of GEER grant funds available for the LEA Connectivity Initiative's reallocations had changed in November 2020 to comply with the Department's updated guidance on allocating GEER grant funds for equitable services to nonpublic schools, which resulted in less money allocated to LEAs (\$14.7 million instead of \$15 million).

Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information. Management processes relevant data from reliable sources into quality information within the entity's information system. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

The issues described above occurred because DESE did not have sufficient controls in place to ensure that staff followed the written allocation methodology and correctly applied the formulas in the allocation spreadsheets. Specifically, DESE did not have written procedures or a formal review process to compare its planned allocation methodology (as reported to the Department) with the allocation methodology that it implemented, or processes to ensure the accuracy and completeness of its allocation spreadsheets. In addition, DESE did not have sufficient controls in place to ensure that it had adequate documentation to fully support its May 2021 LEA Connectivity awarding decisions.

As previously discussed, errors in DESE's initial LEA Connectivity allocation calculation spreadsheet resulted in DESE having to reallocate GEER grant funds to ensure that LEAs most significantly impacted by the coronavirus received a GEER grant. However, because the spreadsheets that were supposed to support the reallocations did not contain sufficient data, we are not able to determine if the LEAs that were allocated GEER grant funds were those that were most significantly impacted by the coronavirus.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require Missouri to—

- 1.1 provide evidence that its May 2021 LEA Connectivity Initiative reallocations are accurate and complete, and if not, make proper corrections as needed, and inform the affected LEAs accordingly; and
- 1.2 develop and implement controls to ensure that allocation methodologies are implemented as designed, and funding decisions are fully supported.

Finding 2. Missouri Generally Designed and Implemented Adequate Monitoring Processes Over IHEs' and LEAs' Use of the GEER Grant, But the SEA's Process Could Be Strengthened

We found that Missouri's DHEWD designed and implemented a comprehensive reimbursement and monitoring process to ensure that subgrantees for its IHE Initiative used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. For a sample of expenditures related to the IHE Initiative, we reviewed supporting documentation and found that DHEWD's reimbursement process provided effective monitoring and ensured that IHEs used GEER grant funds for allowable purposes. We also found that Missouri's DESE designed and implemented a reimbursement process for LEAs that provided some level of assurance that LEAs used GEER grant funds for allowable purposes for the LEA Connectivity and LEA Transportation Supplement initiatives. Although the monitoring plan that DESE designed for those initiatives includes several activities to address LEAs' compliance with applicable requirements, the plan could be strengthened. Specifically, DESE's monitoring plan did not include protocols for reviewing supporting documentation for LEAs' expenditures or a requirement that LEAs certify the information provided to DESE as a part of their self-assessment monitoring process. After we discussed this area for improvement with Missouri during our exit conference, DESE provided a revised GEER Fiscal Monitoring Guide, Fiscal Year 2022, that included a review of high-risk LEAs' supporting documentation related to GEER grant-funded expenditures during onsite reviews and a requirement for LEAs to certify their responses to the self-assessment questionnaire. However, LEA monitoring could be strengthened to provide additional assurance that LEAs used GEER grant funds for allowable purposes and that the information provided was accurate.

DHEWD's GEER Grant Reimbursement and Monitoring Process for IHEs

DHEWD designed and implemented a comprehensive reimbursement process that it used to monitor IHE's expenditures. We found that the reimbursement process ensured IHEs used GEER grant funds for allowable purposes. Initially, DHEWD provided IHEs with a grant package that included a list of allowable expenditures, guidelines, required assurances, and instructions on the application and reimbursement processes. DHEWD included a "Federal Funding Certification for GEER Funds" form in the grant package and required IHEs to submit the form before submitting any reimbursement requests. By signing the form, the IHE is bound by all terms and conditions outlined in the grant package. DHEWD also required IHEs to submit a certified request form that included

details of how the funds were used, an invoice or other supporting documentation, and proof of payment for the full amount of the payment requested, with their reimbursement request. DHEWD officials documented their review and approval of the reimbursement request by emailing DESE's Accounting and Procurement Division to request the transfer of funds. DHEWD officials also maintained a ledger separately from the Statewide Advantage for Missouri (SAM II) accounting system to track each IHE's payments and allocation balances to ensure that the IHEs were not reimbursed for more than they were awarded.¹³ We selected a judgmental sample of 17 from a population of 48 expenditures. For the sample of expenditures, we reviewed supporting documentation and confirmed that DHEWD officials followed their reimbursement and monitoring process, documented their approvals, and that the IHEs used expenditures for allowable purposes. We found that for the sample tested, DHEWD's reimbursement process provided effective monitoring and ensured that IHEs used GEER grant funds for allowable purposes.

DESE's GEER Grant Reimbursement and Monitoring Processes for LEAs

We found that DESE developed and implemented a GEER grant reimbursement process that provides some level of assurance on the allowability of expenditures for which LEAs requested reimbursement with GEER grant funds. We also found that DESE developed but has not begun implementing a monitoring process that will rely on risk assessments so that DESE can target its efforts and which will entail a combination of self-assessments and desk reviews, on-site reviews, and desk audits. However, the monitoring plan that DESE designed for the GEER grant could be strengthened.

DESE's GEER Grant Reimbursement Process for its LEA Connectivity and LEA Transportation Supplement Initiatives

DESE developed and implemented a process to disburse GEER grant funds to applicable LEAs on a reimbursement basis (for the LEA Connectivity and LEA Transportation Supplement Initiatives), that provided some level of assurance on the allowability of expenditures. Initially, DESE provided LEAs with a grant package that included a list of allowable expenditures, guidelines, required assurances, and instructions on the application and reimbursement processes. DESE also created a GEER grant webpage to

¹³ The SAM II is Missouri's integrated financial, human resource, and payroll system. The SAM II system incorporates accounts payable, accounts receivable, fixed asset accounting, grants and project accounting, budget preparation and budget control, purchasing, human resources, and payroll processing for all State departments and agencies.

provide LEAs with information to assist them in complying with GEER grant requirements. To receive GEER grant reimbursements for its LEA Connectivity and LEA Transportation Supplement Initiatives, DESE requires LEAs to submit an online reimbursement request form that lists the amount(s) requested and the related accounting code(s) that were in their approved budgets. DESE requires LEAs to retain supporting documentation for expenditures included in the reimbursement request; however, they were not required to submit the supporting documentation along with the reimbursement request.

DESE also required LEAs to certify that the expenditures listed in their reimbursement requests were allowable, complied with GEER grant requirements, and were included in the pre-determined categories¹⁴ listed on the LEAs' approved budgets. DESE Regional Supervisors review the LEA Connectivity Initiative reimbursement requests and DESE's Student Transportation Manager reviews the LEA Transportation Supplement Initiative reimbursement requests. In addition, DESE's CARES Act Coordinator conducts a second-level review of the LEA Connectivity Initiative reimbursements. According to DESE's CARES Act Coordinator and Student Transportation Manager, the reviewers verify that the required assurance is included with the reimbursement request, the accounting code(s) and the amount(s) expended are in line with the LEA's approved budget, and there are sufficient funds budgeted to cover the amount of reimbursement requested.

DESE's GEER Grant Monitoring Process for LEAs

DESE developed a monitoring process but has not yet begun monitoring the LEAs' use of GEER grant funds.¹⁵ Although the monitoring process includes several activities meant to address LEAs' compliance with applicable requirements, we found that it could be strengthened. Specifically, DESE's monitoring process did not include a protocol to review supporting documentation related to LEAs' expenditures. Adding such a review would strengthen DESE's monitoring process and provide additional assurance that LEAs used GEER grant funds for allowable purposes. In addition, LEAs are not required to certify their responses to the questions included in DESE's self-assessment monitoring process. Requiring LEAs to certify their responses would provide DESE with additional assurance that the information provided was accurate. DESE plans to monitor LEAs that were awarded GEER grant funds for the LEA Connectivity and LEA Transportation Supplement Initiatives by conducting a risk assessment to determine what level of

¹⁴ Some of the pre-determined expenditure categories include salaries, employee benefits, purchased services, materials, supplies, contracted services, and transportation equipment purchases.

¹⁵ DESE provided a draft version of its GEER Fiscal Monitoring Guide, Fiscal Year 2022.

monitoring an LEA selected for review will receive. After we discussed these areas for improvement with Missouri during our exit conference, DESE provided a revised GEER Fiscal Monitoring Guide, Fiscal Year 2022, that included a review of high-risk LEAs' supporting documentation related to GEER grant-funded expenditures during onsite reviews and a requirement for LEAs to certify their responses to the self-assessment questionnaire.

Risk Assessment Process

To determine the level of monitoring LEAs will undergo, DESE will conduct two annual risk assessments: one for LEAs that received GEER grant funds for the LEA Connectivity Initiative and one for LEAs that received GEER grant funds for the LEA Transportation Supplement Initiative. DESE will categorize all LEAs as high, medium, or low-risk during its risk assessment process. Each risk assessment uses 12 risk indicators, and for each indicator the LEA is scored either a "0" for no or a "5" for yes, for a maximum risk score of 60 points. Since the scoring system for the risk assessments essentially requires a yes or no response, having multiple identified issues in a single risk indicator does not increase the score. For example, issues included under the "Financial Concerns" risk indicator include financial distress, impending school closure, indications of fraud or abuse, Cash Management Plan assignment, and award restrictions in the fiscal year under review. The risk assessments also include indicators specific to the grant being monitored. Some of the indicators DESE plans to use to assess risk for GEER grants include an allocation above \$90,000 for the LEA Connectivity Initiative or above \$50,000 for the LEA Transportation Supplement Initiative, prior audit findings, and whether the LEA had five or more budget revisions.

DESE will classify LEAs with issues in fewer than 5 of the 12 risk indicators (which results in a risk score of 20 or less) as low-risk with no monitoring required. LEAs that have issues identified for 5 to 8 of the 12 risk indicators (which results in a risk score between 25 and 40) are assessed as medium-risk and will be monitored by a self-assessment and desk review. LEAs that have issues identified for 9 to 12 of the 12 risk indicators (which results in a risk score of 45 or more) are assessed as high-risk and will be monitored by an on-site review. Table 1 shows the type of monitoring that will be conducted based on the results of the monitoring risk assessments. DESE will conduct the risk assessments for the GEER grant in October 2021 and expects to complete the monitoring process in March 2022. Because DESE has not yet conducted the risk assessments, it has not determined how many of the 290 LEAs that received funds for its LEA Connectivity Initiative or how many of the 539 LEAs that received funds for its LEA Transportation Supplement Initiative will receive a self-assessment and desk review, on-site review, or no review.

Table 1. Monitoring Actions Based on Risk Scores

Risk Assessment Levels	Risk Score	Action
High-Risk	Risk score of 45 or more (issues in 9 to 12 risk areas)	On-Site Review
Medium-Risk	Risk score between 25 and 40 (issues in 5 to 8 risk areas)	Self-Assessment and Desk Review
Low-Risk	Risk Score 20 or less (issues in 1 to 4 risk areas)	No Action

Self-Assessment and Desk Review Process

LEAs assessed as medium-risk will be required to perform a self-assessment. The self-assessment consists of 31 questions that LEAs must answer with either “yes,” “no,” or “not applicable,” and provide comments where required.¹⁶ The questions relate to allowable uses of funds, obligation of funds, coding of expenditures, cash management, procurement, time and effort, inventory, and nonpublic school services or equitable services. DESE’s monitoring team conducts a desk review of the self-assessment responses for compliance with Department guidance, Federal laws, and regulations. If the LEA responds to questions with “no” or “not applicable,” the LEA may be asked to provide additional information or upload supporting documentation for further review. Additionally, if the reviewer identifies discrepancies between the LEA’s responses, the reviewer may ask the LEA to provide additional information or upload supporting documentation. For example, if the LEA responds that it did not spend funds on payroll but then reports an amount for expenditures under salaries in another question then the reviewer may ask for additional documentation to reconcile the discrepancy between the two responses. DESE’s self-assessment process does not include a review of supporting documentation related to LEAs’ expenditures or a requirement for LEAs to certify their responses; however, after we discussed this area for improvement with Missouri at the exit conference, DESE provided documentation to support that it revised its process to require LEAs to certify their responses to the self-assessment.

¹⁶ LEAs respond to the questionnaire in DESE’s Tiered Monitoring System, a web-based platform that serves as a repository for LEAs to upload documents, respond to questions, and complete assessments. DESE uses this system to conduct monitoring of LEAs.

On-site Review Process

In DESE's monitoring plan, LEAs that will be required to have an on-site review must provide the DESE monitoring team with the documents listed below, before the start of the on-site review. The CARES Coordinator and the monitoring team review the documentation and fill out the same questionnaire used in the self-assessment and desk review process described above, using the following documents:

- General Ledger for the fiscal year sorted by project code for all expenditures;
- Monthly General Ledgers for the fiscal year for all expenditures;
- Payroll Report for all staff paid with GEER grant funds;
- List of LEA staff paid with GEER grant funds; and
- Time and Effort documentation for the fiscal year under review.

Although the monitoring plan states that DESE may ask the LEA to provide additional supporting documentation for further review, this is at the monitoring team's discretion, so it may not include supporting documentation for expenditures or may not occur at all. However, after we discussed this issue with Missouri at the exit conference, DESE provided documentation to support that it revised its on-site review process to include a review of supporting documentation related to GEER grant-funded expenditures for the high-risk LEAs.

After the self-assessment and desk reviews or on-site reviews are completed, DESE plans to issue a report to each LEA that indicates whether the LEA complied with Federal requirements. If the LEA was not in compliance with the requirements, the report will identify the deficiencies and include a corrective action plan. The LEA must correct any deficiencies within 30 days.

Desk Audits

As an additional step in its monitoring plan, DESE also plans to perform desk audits each fiscal year, to review all LEAs' GEER grant-related documentation, separate from the tiered monitoring process described above. This review is a second look at LEAs' applications, budget revisions, payment requests, final expenditure reports and revisions, cash management plans, and audit findings for other Federal grants that passed through DESE, using documentation housed in Missouri's electronic grants management system.¹⁷ However, DESE does not plan to review any supporting

¹⁷ Missouri's electronic Planning and electronic Grants System, known as ePeGS, is a web-based system for managing grants including related documentation and reporting requirements.

documentation related to expenditures during this process and would not identify whether LEAs' expenditures were used for unallowable purposes.

LEA Monitoring Could Be Improved

Because the reimbursement requests, self-assessments and desk reviews, on-site reviews, and desk audits do not include protocols for when DESE would review LEAs' expenditures, adding such a protocol to the monitoring plan would provide DESE with additional assurance that LEAs used GEER grant funds for allowable purposes. In addition, requiring LEAs to certify their responses to the self-assessment would add assurance that the answers provided were accurate.

According to 2 C.F.R. section 200.303(a) and (c), a non-Federal entity should establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the award in compliance with applicable Federal statutes, regulations, terms, and conditions. Further, the non-Federal entity must also evaluate and monitor its compliance with statute, regulations, and the terms and conditions of Federal awards.

According to 2 C.F.R. section 200.400(d), the accounting practices of a non-Federal entity must be consistent with the cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the Federal award.

The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government" Principle 10 states that management should design appropriate types of control activities for the entity's internal control system. Control activities help to reasonably ensure compliance with applicable requirements. Control activities also work to identify and address weaknesses in the system of internal controls.

Although DESE has some controls in place to help ensure subgrantees use GEER grant funds for allowable purposes, having protocols to review all or a sample of LEAs' supporting documentation related to expenditures charged to the GEER grant during its monitoring process and requiring LEAs to certify their responses to the self-assessment questionnaire further reduces the risk of GEER grant funds being used for unallowable purposes. After we discussed these issues with Missouri at the exit conference, DESE revised the on-site review process to include a review of supporting documentation related to GEER grant-funded expenditures for the high-risk LEAs. However, because only a small number of LEAs are likely to be identified as high-risk and require on-site reviews, also reviewing a sample of medium-risk LEAs' supporting documentation related to GEER grant-funded expenditures would increase the likelihood that DESE's

monitoring process would identify unallowable expenditures and provide assurances that funds were used as intended.

Recommendation

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require that Missouri—

- 2.1 develop and implement protocols to sample and review supporting documentation related to expenditures charged to the GEER grant for LEAs identified as medium-risk.

Appendix A. Scope and Methodology

Our audit covered Missouri’s control activities related to the administration of the GEER grant. Specifically, our audit covered Missouri’s policies, procedures, and other controls to ensure that GEER grant funds were used to support LEAs and IHEs that were most significantly impacted by the coronavirus or LEAs, IHEs, or other education-related entities that were deemed essential for carrying out emergency educational services. Our audit also covered Missouri’s policies, procedures, and other controls to ensure that subgrantees used GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. Our review covered Missouri’s GEER grant award and monitoring processes from March 13, 2020, through October 1, 2021. We conducted fieldwork virtually due to the national pandemic from December 7, 2020, through October 1, 2021. We performed testing on Missouri’s grant allocations through March 15, 2021, applications through July 23, 2021, and expenditures through March 10, 2021. We held an exit conference with Missouri officials on June 16, 2021, to discuss the results of our audit.¹⁸

To achieve our audit objectives, we gained an understanding of the CARES Act, the Uniform Grant Guidance at 2 C.F.R. Part 200, and Department guidance relevant to our audit objectives, including the Department’s 2020 GEER Frequently Asked Questions. We reviewed 2 C.F.R. section 200.303 and the U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government.” We also reviewed requirements for managing Federal funds, including 2 C.F.R. section 200.302, Financial Management, and 2 C.F.R. section 200.305, Payment.

We also performed the following procedures:

- Reviewed the organization charts for the Governor’s Office, DESE, and DHEWD to determine those positions or personnel responsible for awarding, administering, and monitoring the GEER grant.
- Interviewed Missouri officials to obtain the rationale for selecting DESE as the designated State agency to administer the funds and to gain an understanding of the processes used for determining how the GEER grant funds were appropriated, allocated, awarded, and used.
- Reviewed Missouri’s GEER grant Certification and Agreement (application), its required 45-day report submitted to the Department, documentation related to

¹⁸ Although we held the exit conference on June 16, 2021, Missouri provided additional information after the exit conference which we reviewed and considered through October 1, 2021.

the use of funds, and any communications with the Department to gain an understanding of how Missouri intended for the funds to be used.

- Reviewed DESE's and DHEWD's GEER grant awards to LEAs and IHEs and tested a sample of these awards to determine whether DESE and DHEWD followed their award processes (In the Sampling Methodology section of this report, see the LEA Connectivity Initiative Samples, the LEA Transportation Supplement Initiative Samples, and the IHE Initiatives Samples).
- Reviewed and recalculated the allocation spreadsheets for the LEA Connectivity, LEA Transportation Supplement, and IHE initiatives to determine whether the allocations were correct.
- Determined whether the data DESE and DHEWD used in the LEA Connectivity, LEA Transportation Supplement, and IHE allocation spreadsheets were accurate. We tested samples of LEA allocation data for the first two initiatives and a sample of IHE allocation data for the other initiative. (In the Sampling Methodology section of this report, see the LEA Connectivity Initiative Samples, the LEA Transportation Supplement Initiative Samples, and the IHE Initiative Samples).
- Determined whether the data DESE used in the LEA Connectivity and LEA Transportation Supplement allocation spreadsheets were complete. We reviewed a list of LEAs that were allocated funds for the LEA Connectivity Initiative and a list of those that did not receive an allocation and compared it to a list of all of Missouri's 558 LEAs. We reconciled any differences to ensure all LEAs were accounted for. We also compared the amount of funds allocated to LEAs for the LEA Connectivity Initiative to the amount of funds awarded to DESE for this initiative to ensure that the entire amount was allocated. We performed the same procedures for the LEA Transportation Supplement Initiative.
- Determined whether the data DHEWD used in the IHE Initiative allocation spreadsheet were complete. We reviewed a list of IHEs that were allocated funds for the IHE Initiative and a list of those that did not receive an allocation and compared it to a list of all of Missouri's 23 public IHEs. We reconciled any differences to ensure all IHEs were accounted for. We also compared the amount of funds allocated to the IHEs for the IHE Initiative to the amount of funds awarded to DHEWD for the IHE initiative to ensure that the entire amount was allocated.
- Obtained and reviewed the status of Missouri's maintenance of effort agreement.

- Reviewed and evaluated the criteria, policies, procedures, and internal controls Missouri used to determine which LEAs and IHEs were “most significantly impacted by the coronavirus.”
- Reviewed all of Missouri’s GEER grant drawdowns to determine whether Missouri complied with cash management regulations and guidance. We compared the drawdown amounts for all 81 of Missouri’s drawdowns to the amounts included in its expenditure reports. For each drawdown, we subtracted the expenditure amounts from the same date to determine whether Missouri had any periods with excess cash on hand. We also calculated the number of days between Missouri’s receipt of the funds drawn down and the dates that Missouri expended the funds.
- Reviewed and evaluated DESE’s monitoring plan procedures for ensuring that GEER grant funds were used in accordance with the CARES Act and other applicable Federal requirements.
- Reviewed DHEWD’s monitoring procedures and related supporting documentation such as its IHE reimbursement tracking ledger and IHE requests for reimbursement (including invoices, proof of payment, and evidence of the review and approval of the requests) and tested a sample of expenditures to ensure that GEER grant funds were used in accordance with the CARES Act and other applicable Federal requirements.¹⁹ (In the Sampling Methodology section of this report, see the IHE Initiatives Samples.)

Sampling Methodology

To determine whether DESE and DHEWD followed their award processes for the LEA Connectivity, LEA Transportation Supplement, and IHE initiatives, we selected samples of LEAs and IHEs to review. To determine the accuracy of the data that DESE and DHEWD used in the LEA Connectivity, LEA Transportation Supplement, and IHE allocation spreadsheets, we also selected samples of LEAs and IHEs to review. To determine whether DHEWD followed its reimbursement process, which it also used as its monitoring mechanism to ensure IHEs use GEER grant funds for allowable purposes, we selected a sample of reimbursement payments that DHEWD made to IHEs that were allocated GEER grant funds for the IHE Initiative.

¹⁹ We did not review a sample of LEA reimbursements for allowability because DESE’s process for reimbursement did not include the collection and review of supporting documentation related to LEAs’ expenditures.

Regarding the awarding process, not all LEAs that were allocated GEER grant funds applied to receive the funds. For the selected samples, we confirmed that the LEA received an award notification letter from Missouri, applied, signed Missouri's required assurances, and offered equitable services to nonpublic schools. All LEAs that were awarded an allocation were required to go through these steps regardless of whether they applied for the GEER grant funds. However, to receive the funds, the LEAs had to apply for the funds.

The sections below describe the sampling in detail.

LEA Connectivity Initiative Samples

To determine whether DESE followed its award process for the LEA Connectivity Initiative, we selected a sample of 25 (8 percent, rounded up to 25) of the 296 LEAs that were awarded an LEA Connectivity allocation. We judgmentally selected 12 LEAs, which were those LEAs with the highest allocation amounts (over \$200,000) and randomly selected 13 LEAs. For each of the 25 LEAs, we confirmed whether DESE followed its award processes. In addition, for the 23 LEAs in our sample that had applied for the LEA Connectivity funds, we confirmed that the LEA had applied, and for the 2 LEAs in our sample that had not yet applied, we confirmed that there was no payment made to the LEA through May 5, 2021.

To determine the accuracy of the data in the LEA Connectivity allocation spreadsheet, we selected a random sample of 15 (5 percent) of 296 LEAs that were allocated GEER grant funds for the LEA Connectivity Initiative. We compared the student enrollment numbers and DDI scores recorded in the allocation spreadsheet to the student enrollment data from the Elementary/Secondary Information System²⁰ and to the DDI score spreadsheet DESE used from Purdue University, respectively, for the 15 sampled LEAs.

Table 2 shows the universe, sample sizes, and sampling methodologies related to our testing of the LEA Connectivity Initiative.

²⁰ The Elementary/Secondary Information System is a National Center for Education Statistics web application that allows users to quickly view public and private school data.

Table 2. LEA Universes and Samples for the LEA Connectivity Initiative Testing

Testing Purpose	Universe	Sample Size	Methodology
Award Process	296	25 (8 percent)	Twelve judgmentally selected with allocations over \$200,000 each, and 13 selected using a simple random sample.
Accuracy of Data in Allocation Spreadsheet	296	15 (5 percent)	Simple random sample.

LEA Transportation Supplement Initiative Samples

To determine whether DESE followed its award process for the LEA Transportation Supplement Initiative, we selected a sample of 40 (7 percent) of the 539 LEAs that were awarded an LEA Transportation Supplement allocation. We judgmentally selected 19 LEAs, which were those LEAs with the highest allocation amounts (over \$150,000); and randomly selected 21 LEAs. For each of the 40 LEAs, we confirmed whether DESE followed its award processes. In addition, for the 24 LEAs in our sample that had applied for the LEA Transportation Supplement funds, we confirmed that the LEA had applied, and for the 16 LEAs in our sample that had not yet applied, we confirmed that there was no payment made to the LEA through May 5, 2021.

To determine the accuracy of the data in the LEA Transportation Supplement allocation spreadsheet, we selected a random sample of 27 (5 percent) of 539 LEAs that were allocated GEER grant funds for the LEA Transportation Supplement Initiative. We compared the prior year transportation payment amounts recorded in the allocation spreadsheet for the 27 sampled LEAs to DESE's prior year transportation funding report.

Table 3 shows the universe, sample sizes, and sampling methodologies related to our testing of the LEA Transportation Supplement Initiative.

Table 3. LEA Universes and Samples for the LEA Transportation Supplement Testing

Testing Purpose	Universe	Sample Size	Methodology
Award Process	539	40 (7 percent)	Nineteen judgmentally selected with allocations over \$150,000 each, and 21 selected using a simple random sample.
Accuracy of Data in Allocation Spreadsheet	539	27 (5 percent)	Simple random sample.

IHE Initiative Samples

To determine whether DHEWD followed its award process for the IHE Initiative, we selected a sample of 5 (22 percent) of 23 IHEs that were allocated GEER grant funds.²¹ We judgmentally selected three IHEs with allocation amounts over \$1.5 million and randomly selected two IHEs. For each of the five IHEs, we confirmed that the IHE received an award notification letter from Missouri, submitted an application, and signed Missouri's required assurances.

To determine whether DHEWD followed its reimbursement process (which it also used as its monitoring mechanism to ensure IHEs use GEER grant funds for allowable purposes), we selected a judgmental sample of 17 (35 percent) of 48 reimbursement payments that DHEWD made to IHEs that were allocated grant funds.²² We selected the judgmental sample by first analyzing the 48 reimbursement payments to determine how many IHEs had submitted reimbursement requests. We found that most of the funds were disbursed to 15 of the 19 IHEs that had submitted reimbursement requests. From the 15 IHEs, we selected a total of 17 payments. We selected the payment with the largest dollar amount from each of 15 IHEs.²³ In addition, we selected the only 2 remaining disbursements over \$1 million. For the 17 reimbursement payments, we reviewed the reimbursement form, the supporting documentation (including invoices and proof of payment), and evidence of Missouri's review and approval.

²¹ A five percent sample would have only resulted in the selection of two IHEs so we selected five IHEs.

²² Missouri reimbursed 19 of 23 IHEs with GEER grant funds; the remaining 4 IHEs had not received reimbursements at the time of our testing.

²³ The largest dollar amount varied for each IHE, which ranged from \$206,458 to \$2.16 million.

To determine the accuracy of the data in the IHE Initiative allocation spreadsheet, we selected a random sample of 5 of the 23 IHEs that were allocated GEER grant funds for the IHE initiative. We compared the student enrollment and faculty and staff employment data recorded in the allocation spreadsheet for the five IHEs, to the student enrollment and faculty and staff employment data from the Integrated Postsecondary Education Data System (IPEDS).

We determined the number of IHEs that were allocated funds for the IHE Initiative and the number of IHEs that were not and compared the total IHEs allocated and not allocated funds to the number of all of Missouri’s IHEs (23) to ensure all IHEs were accounted for. We also compared the amount of funds allocated to the IHEs for the IHE Initiative to the amount of funds awarded to DHEWD for the IHE initiative to ensure that the entire amount was allocated. Table 4 shows the universe, sample sizes, and sampling methodologies related to our testing of the IHE Initiative.

Table 4. Universes and Samples for IHE Initiative Testing

Testing Purpose	Universe	Sample Size	Methodology
Award Process	23 IHEs	5 IHEs (22 percent)	Three judgmentally selected with allocations over \$1.5 million, and 2 IHEs selected using a simple random sample.
Monitoring Process	48 reimbursement payments	17 reimbursement payments (35 percent)	Fifteen judgmentally selected (the largest payment from each IHE), and 2 judgmentally selected payments over \$1 million.
Accuracy of Data in Allocation Spreadsheet	23 IHEs	5 IHEs (22 percent)	Simple random sample.

Use of Computer-Processed Data

We relied, in part, on computer-processed data contained in Missouri’s financial management system, specifically, IHE reimbursement payments related to the IHE Initiative. We used the reimbursement payment data to determine whether DHEWD followed its reimbursement process, which it also used as its monitoring mechanism to ensure IHEs use GEER grant funds for allowable purposes. To test the reliability of the

reimbursement payment data in Missouri's financial management system, we used the same sample of 17 of 48 reimbursement payments that we used to test DHEWD's reimbursement process. For the 17 reimbursement payments, we compared the expenditure amounts to supporting documentation. We also obtained a list of all of Missouri's GEER grant expenditures for the IHE Initiative as of May 5, 2021, and compared the totals to Missouri's GEER grant drawdown transactions to ensure that there were no additional funds drawn down that were not accounted for. Based on the work we performed, we determined that the information was sufficiently reliable for us to use in meeting the audit objectives.

We also relied on computer-processed data obtained from the Department's G5 system. We used the G5 grants management system to identify the amount of GEER grant funds Missouri drew down as of April 30, 2021. The G5 grants management system is the official system of record for the Department's grants data. As a result, we considered it to be the best available data for its intended purpose.

We also used computer-processed data from two other Department systems: IPEDS and the Elementary/Secondary Information System. We used the IPEDS to confirm IHE student enrollment and staff employment data used in Missouri's IHE Initiative allocation spreadsheets. We used the Elementary/Secondary Information System data to confirm LEA student enrollment data used in Missouri's LEA Connectivity and LEA Transportation Supplement initiatives. Both systems are administered by the Department's National Center for Education Statistics (NCES), the primary Federal entity for collecting and analyzing data related to education. NCES develops statistical standards, methodologies, handbooks, and webinars to ensure the data it reports is timely, useful, and high-quality. For example, data reported to IPEDS undergoes a rigorous process that includes multiple validation reviews and procedures for data quality. We considered this to be the best available data for the intended purpose.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B. Acronyms and Abbreviations

C.F.R.	Code of Federal Regulations
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
DDI	Digital Divide Index
Department	U.S. Department of Education
DESE	Department of Elementary and Secondary Education
DHEWD	Department of Higher Education and Workforce Development
ESEA	Elementary and Secondary Education Act
ESSER	Elementary And Secondary School Emergency Relief Fund
FRL	Free and Reduced Lunch
GEER grant	Governor’s Emergency Education Relief Fund
IHE	Institution of Higher Education
IPEDS	Integrated Postsecondary Education Data System
LEA	Local Education Agency
Missouri	State of Missouri
OQS	Office of Quality Schools
SAM II	Statewide Advantage for Missouri
SEA	State Educational Agency