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. ClifftonLarsonAllen, LLP – Through a contract awarded by the Office of Administration, ClifftonLarsonAllen, 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

<u>State Auditor</u>

All current audits are complete. The most recent audit the SAO conducted was the audit of the DHEWD financial statements. Attached is a letter from the SAO notifying DHEWD that it completed the audit and there are no findings.

<u>USDE Information Security Self-Assessment – 2021</u>

The USDE completed its report. A copy of the report is attached. There were no findings.

<u>Office of the Inspector General (OIG) – United States Department of Education</u>

The OIG conducted its first audit of the State of Missouri's administration of the Governor's Emergency Education Relief (GEER) Fund grant. The audit reviewed the awarding process and planned monitoring process. In June, the OIG provided an exit conference to DESE and DHEWD and provided the attached observation sheets. There are no findings against DHEWD.

NEXT STEPS

<u>State Auditor</u>

The SAO informed DHEWD that it will begin a new audit of the WIOA program after Labor Day.

<u>Office of the Inspector General (OIG) – United States Department of Education</u>

DHEWD staff continue to wait for the final report. DHEWD will provide a copy of the final report at a later meeting.

RECOMMENDATION

This is an information item only.

ATTACHMENTS

A. SAO Annual Statewide Audit Letter
B. USDE 2021 Information Security Self-Assessment Final Report
C. OIG GEER Audit Observation Sheets

NICOLE GALLOWAY, CPA
Missouri State Auditor

Honorable Michael L. Parson, Governor
        and
Members of the General Assembly
        and
Coordinating Board for Higher Education
        and
Zora Mulligan, Commissioner
Department of Higher Education and Workforce Development
Jefferson City, Missouri

We completed audit work at the Department of Higher Education and Workforce Development (DHEWD) 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 DHEWD 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

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[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 DHEWD

For the DHEWD, we audited revenue activity of $69.2 million for the Federal Student Loan Reserve Fund and expenditure activity of $727.2 million for the General Revenue Fund.
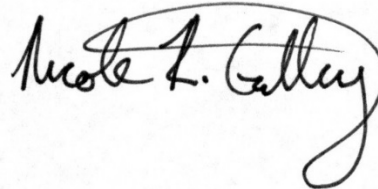
Single Audit Work at the DHEWD

The DHEWD reported federal award expenditures totaling $119.2 million for fiscal year 2020. We audited, as major, the Federal Family Education Loans program with expenditures of $60.6 million.

Audit Results and Findings at the DHEWD

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 DHEWD. The Single Audit reported no material noncompliance with direct and material compliance requirements for the major program audited at the DHEWD.

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 DHEWD.

Nicole R. Galloway, CPA
State Auditor

August 2021
Report No. 2021-055

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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Missouri Department of Higher Education Workforce Development (MDHEWD)

Guaranty Agency (GA) FY21 GASATRAQ Self-Assessment

GA Security Review Report (SRR)

Friday, June 18, 2021
Version 1.0 (Final)

Delivered by Jacobs Engineering Group Inc.

Document Version Control

Version	Date	Author	Description
0.1	2021-06-18	Jacobs Team	Initial version.
0.2	2021-06-18	Jacobs Team	Quality assurance review (Management).
1.0	2021-06-18	Jacobs Team	Released to FSA/GA for review and signatures.

CONTROLLED UNCLASSIFIED INFORMATION

Contents

Tables

1 Introduction

1.1 Background

Federal Student Aid (FSA) requires all Guaranty Agencies (GAs) to complete a Security Self-Assessment by the Agency to identify the GA's official Information System (IS) security posture baseline. The intent of the GA Self-Assessment is to ensure GAs meet NIST security standards with plans to support broader cybersecurity-related programs, initiatives, and functions.

1.2 Scope and Methodology

In support of the FSA Cybersecurity & Privacy Support Services (CPSS) Guaranty Agency Security Assessment (GASA) Program, the Missouri Department of Higher Education Workforce Development (MDHEWD) conducted a self-assessment of the MDHEWD information system using FSA's GASATRAQ tool.

Testing methodologies consisted of GA personnel conducting a self-assessment of the FSA-selected security controls (see Table 1: Controls Reviewed). The Jacobs Engineering Group Inc. ("Jacobs") Security Assessment (SA) Team ("SA Team") then conducted an independent Security Control Review of the responses received, including reviewing supporting artifacts uploaded into the GASATRAQ self-assessment tool. The SA Team uses NIST SP 800-53A Rev. 4 to determine if a control is effectively implemented and operating as intended.

1.3 Purpose

The purpose of this Security Review Report (SRR) is to provide FSA and MDHEWD with an analysis of the general security and internal controls implemented in the security environment of MDHEWD. The emphasis of this SRR is on the adequacy of the management, operational, and technical security controls implemented to protect the confidentiality, integrity, and availability for information entered, processed, and stored by and within the system. The SRR captures the results of the self-assessment review, including recommendations for correcting any weaknesses or deficiencies in the controls.

Appendix A: MDHEWD FY21 GASATRAQ Self-Assessment Corrective Action Plan (CAP) details remediation recommendations, aggregated by control ID, and associated threat levels.

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1.4   NIST Security Control Set

Table 1: Controls Reviewed

Control Family	Controls Reviewed
ACCESS CONTROL	AC-1, AC-2(1)(2)(3)(4), AC-3, AC-4, AC-5, AC-6(1)(2)(5)(9)(10), AC-7, AC-8, AC-11(1), AC-12, AC-14, AC-17(1)(2)(3)(4), AC-18(1), AC-19(5), AC-20(1)(2), AC-21, AC-22
AUDIT AND ACCOUNTABILITY	AU-1, AU-2(3), AU-3(1), AU-4, AU-5, AU-6(1)(3), AU-7(1), AU-8(1), AU-9(4), AU-11, AU-12
AWARENESS AND TRAINING	AT-1, AT-2(2), AT-3, AT-4
CONFIGURATION MANAGEMENT	CM-1, CM-2(1)(3)(7), CM-3(2), CM-4, CM-5, CM-6, CM-7(1)(2)(4), CM-8(1)(3)(5), CM-9, CM-10, CM-11
CONTINGENCY PLANNING	CP-1, CP-2(1)(3)(8), CP-3, CP-4(1), CP-6(1)(3), CP-7(1)(2)(3), CP-8(1)(2), CP-9(1), CP-10(2)
IDENTIFICATION AND AUTHENTICATION	IA-1, IA-2(1)(2)(3)(8)(11)(12), IA-3, IA-4, IA-5(1)(2)(3)(11), IA-6, IA-7, IA-8(1)(2)(3)(4)
INCIDENT RESPONSE	IR-1, IR-2, IR-3(2), IR-4(1), IR-5, IR-6(1), IR-7(1), IR-8
MAINTENANCE	MA-1, MA-2, MA-3(1)(2), MA-4(2), MA-5, MA-6
MEDIA PROTECTION	MP-1, MP-2, MP-3, MP-4, MP-5(4), MP-6, MP-7(1)
PERSONNEL SECURITY	PS-1, PS-2, PS-3, PS-4, PS-5, PS-6, PS-7, PS-8
PHYSICAL AND ENVIRONMENTAL PROTECTION	PE-1, PE-2, PE-3, PE-4, PE-5, PE-6(1), PE-8, PE-9, PE-10, PE-11, PE-12, PE-13(3), PE-14, PE-15, PE-16, PE-17
PLANNING	PL-1, PL-2(3), PL-4(1), PL-8
RISK ASSESSMENT	RA-1, RA-2, RA-3, RA-5(1)(2)(5)
SECURITY ASSESSMENT AND AUTHORIZATION	CA-1, CA-2(1), CA-3(5), CA-5, CA-6, CA-7(1), CA-9
SYSTEM AND COMMUNICATIONS PROTECTION	SC-1, SC-2, SC-4, SC-5, SC-7(3)(4)(5)(7), SC-8(1), SC-10, SC-12, SC-13, SC-15, SC-17, SC-18, SC-19, SC-20, SC-21, SC-22, SC-23, SC-28, SC-39
SYSTEM AND INFORMATION INTEGRITY	SI-1, SI-2(2), SI-3(1)(2), SI-4(2)(4)(5), SI-5, SI-7(1)(7), SI-8(1)(2), SI-10, SI-11, SI-12, SI-16
SYSTEM AND SERVICES ACQUISITION	SA-1, SA-2, SA-3, SA-4(1)(2)(9)(10), SA-5, SA-8, SA-9(2), SA-10, SA-11
AUTHORITY AND PURPOSE (Privacy)	AP-1, AP-2
ACCOUNTABILITY, AUDIT, AND RISK MANAGEMENT (Privacy)	AR-1, AR-2, AR-3, AR-4, AR-5, AR-6, AR-7, AR-8
DATA MINIMIZATION AND RETENTION (Privacy)	DM-1(1), DM-2(1), DM-3(1)
DATA QUALITY AND INTEGRITY (Privacy)	DI-1(1)(2), DI-2(1)

Control Family	Controls Reviewed
INDIVIDUAL PARTICIPATION AND REDRESS (Privacy)	IP-1(1), IP-2, IP-3, IP-4(1)
SECURITY (Privacy)	SE-1, SE-2
TRANSPARENCY (Privacy)	TR-1(1), TR-2(1), TR-3
USE LIMITATION (Privacy)	UL-1, UL-2

Note: Several privacy controls do not apply to the GASA Program for the FY21 Assessment Period. These controls are marked "Not Applicable" within the GASATRAQ tool.

1.5 FSA Team Points of Contact

Table 2: FSA Team Points of Contact lists the members of the FSA Program Management Team for the GA FY21 GASATRAQ Self-Assessment.

Table 2: FSA Team Points of Contact

Name	Role/Responsibility	Contact Information
Daniel Commons	CISO	Daniel.Commons@ed.gov
Theon Dam	GASA Program Manager	Theon.S.Dam@ed.gov Office: +1 (202) 377-3106

1.6 SA Team Points of Contact

Table 3: SA Team Points of Contact lists the members of the SA Team for the FY21 GASATRAQ Self-Assessment.

Table 3: SA Team Points of Contact

Name	Role/Responsibility	Contact Information
Mitchell Barth	Program Manager (PM)	Mitchell.Barth@jacobs.com Cell: +1 (703) 217-9523
Sarah Krueger (Fletcher)	GASA Team Lead, SA Team Lead Assessor	Sarah.Fletcher@jacobs.com Cell: +1 (703) 431-6109
Dannielle Eason	GASA Deputy Team Lead	Dannielle.Eason@jacobs.com Cell: +1 (301) 502-9732
Christopher Heizer	SA Team Support Assessor	Christopher.Heizer.ctr@jacobs.com Cell: +1 (703)969-7504
Zachary Schwartz	Vulnerability Scan & Analysis (VSA) Team Resource	FSA_VSA@Jacobs.com
Frank Martinez	Mainframe Subject Matter Expert (SME)	Francisco.Martinez@jacobs.com Cell: +1 (972) 467-0063

1.7 MDHEWD Points of Contact

Table 4: GA Team Points of Contact lists the MDHEWD Team contacts for the FY21 GASATRAQ Self-Assessment.

Table 4: GA Team Points of Contact

Name	Role/Responsibility	Contact Information
Nora Maxwell	Business Partner Supervisor	Nora.Maxwell@dhewd.mo.gov
Mark Holzem	Information Senior Security Associate	Mark.Holzem@dhewd.mo.gov Office: +1 (573) 526-0173

2 Analysis Criteria

The SA Team provided a draft SRR to the GAs with an initial rating. The rating methodology normalizes scores so that each question, security control, and security control family are valued equitably. The SA Team then conducted a draft SRR out brief and additional phone interviews with each GA as needed. The GAs had a remediation window to submit additional evidence to remediate findings addressed in the draft SRR. Upon conclusion of the interviews and additional analysis of the artifacts provided, Jacobs SMEs made the final determination of the GA's rating.

FSA uses two (2) metrics for rating criteria:

1. Security control responses
2. Uploaded implementation evidence

Based on the GA's responses to the GASATRAQ Self-Assessment questionnaire, the rating methodology, and the results of implementation evidence review, FSA provides a rating for each security control and then calculated an overall rating of Good, Medium, Poor, or Critical for each security control family.

Table 5: Analysis Criteria

Effectiveness of the GA Response in Meeting the Security Objective	Strength of Evidence Identified In Meeting the Security Compliance Requirement
Good	• **>= 80%** of the security controls within the control family are *Satisfied* o Good = Assessment evidence satisfactory and/or interview notes indicate security controls are implemented and operating as intended.

Medium	• **>=60% to < 80%** of the security controls within the control family are *Satisfied* or *Partially Satisfied*
	   o Medium = Assessment evidence and/or interview notes indicate security controls are mostly implemented and operating as intended.
	• **Rating Override**: If deficiencies were discovered for controls within the control family with a High User Defined Criticality, the rating is determined using the criteria below:
	   o High = 1 to 14 Findings

Poor	• **>=30% to < 60%** of the security controls within the control family are *Satisfied* or *Partially Satisfied*
	   o Poor = Assessment evidence and/or interview notes indicate security controls are somewhat implemented and operating as intended.
	• **Rating Override**: If deficiencies were discovered for controls within the control family with a High User Defined Criticality, the rating is determined using the criteria below:
	   o High = 15 to 19 Findings

Critical	• **>=0% to < 30%** of the security controls within the control family are *Satisfied* or *Partially Satisfied*
	   o Critical = Assessment evidence is not provided and/or interview notes indicate a majority of the security controls are not implemented and operating as intended.
	• **Rating Override**: If deficiencies were discovered for controls within the control family with a High User Defined Criticality, the rating is determined using the criteria below:
	   o High = 20 or more Findings

3   Control Family Ratings

FSA calculated a rating based on the GAs responses to the GASATRAQ Self-Assessment questionnaire. The following results are average ratings for each security control family. The overall rating is an average of all individual NIST control ratings.

Table 6: Control Family Ratings shows a comparison of the GA's rating in 2020 with their 2021 rating to illustrate improved/decreased security posture over a one-year period.

Table 6: Control Family Ratings

Control Family Name	2020 Control Family Security Rating	2021 Control Family Security Rating
Access Control (AC)	Good	Good
Security Awareness and Training (AT)	Good	Good
Auditing and Logging (AU)	Good	Good
Security Assessments (CA)	Good	Good
Configuration Management (CM)	Good	Good
Contingency Planning (CP)	Good	Good
Identification and Authentication (IA)	Good	Good
Incident Response (IR)	Good	Good
Maintenance (MA)	Good	Good
Media Protection (MP)	Good	Good
Physical and Environmental (PE)	Good	Good
Security Planning (PL)	Good	Good
Personnel Security (PS)	Good	Good
Risk Assessment (RA)	Good	Good
Systems Acquisition (SA)	Good	Good
System and Communications Protection (SC)	Good	Good
System and Information Integrity (SI)	Good	Good
Privacy (AP, AR, DI, DM, IP, SE, TR, UL)	Good	Good
Overall Rating	**Good**	**Good**

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4 Summary of Findings

The independent analysis of the self-assessment responses identified the following deficient controls for the GA. Detailed weakness information and assessor recommendations are included in Appendix A: MDHEWD FY21 GASATRAQ Self-Assessment Corrective Action Plan (CAP).

Table 7: Summary of Findings

Control Family Name	Finding(s)	Status
Access Control (AC)	AC-18: WIRELESS ACCESS	Remediated
	AC-22: PUBLICLY ACCESSIBLE CONTENT	Remediated
Awareness and Training (AT)	AT-3: ROLE-BASED SECURITY TRAINING	Remediated
Audit and Accountability (AU)	AU-1: AUDIT AND ACCOUNTABILITY POLICY AND PROCEDURES	Remediated
Contingency Planning (CP)	CP-3: CONTINGENCY TRAINING	Remediated
	CP-7: ALTERNATE PROCESSING SITE	Remediated
	CP-8: TELECOMMUNICATIONS SERVICES	Remediated
Identification and Authentication (IA)	IA-1: IDENTIFICATION AND AUTHENTICATION POLICY AND PROCEDURES	Remediated
Physical and Environmental Protection (PE)	PE-3: PHYSICAL ACCESS CONTROL	Remediated
Personnel Security (PS)	PS-1: PERSONNEL SECURITY POLICY AND PROCEDURES	Remediated
	PS-6: ACCESS AGREEMENTS	Remediated
System and Information Integrity (SI)	SI-8: SPAM PROTECTION	Remediated
Privacy - Accountability, Audit, and Risk Management (AR)	AR-1: GOVERNANCE AND PRIVACY PROGRAM	Remediated

Note: During the remediation window, the MDHEWD team submitted additional evidence/artifacts to the SA team for review. Upon reviewing the remediation evidence, the SA team determined that there are no findings for the MDHEWD information system and that all security control requirements are satisfied.

5   Signature Page

CISO Recommendations:

- Concur with SA Team's GA review
- The GA must:

Nora Maxwell (or designee)   Date
MDHEWD Signatory

Mitchell Barth (or designee)
Jacobs Program Management Office

Theon Dam (or designee)
Federal Student Aid GASA Program Manager (PM)

Daniel Commons (or designee)
Director, Enterprise Cybersecurity Group
Federal Student Aid Chief Information Security Officer (CISO)

6 MDHEWD Finding Details

This section details findings that remain after the remediation period (Friday, May 28, 2021 to Tuesday, June 8, 2021).

Note: During the remediation window, the MDHEWD team submitted additional evidence/artifacts to the SA team for review. Upon reviewing the remediation evidence, the SA team determined that there are no findings for the MDHEWD information system and that all security control requirements are satisfied.

Appendix A: MDHEWD FY21 GASATRAQ Self-Assessment Corrective Action Plan (CAP)

Note: During the remediation window, the MDHEWD team submitted additional evidence/artifacts to the SA team for review. Upon reviewing the remediation evidence, the SA team determined that there are no findings for the MDHEWD information system and that all security control requirements are satisfied.

CONTROLLED UNCLASSIFIED INFORMATION

Observation Sheet 2

The Missouri Department of Elementary and Secondary Education's Monitoring Procedures Over Local Education Agencies' Use of the Governor's Emergency Education Relief Grant Fund Needs Strengthening

CONDITION

The State of Missouri (Missouri) designed and implemented a monitoring process that ensured subgrantees for one of its three initiatives used the Governor's Emergency Education Relief Fund (GEER grant) in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other applicable Federal requirements. Specifically, Missouri's Department of Higher Education and Workforce Development (DHEWD) designed and implemented a monitoring process to ensure that subgrantees of its Institutions of Higher Education (IHE) Initiative used the GEER grant funds in accordance with the CARES Act and other applicable Federal requirements. However, for Missouri's other two initiatives, although the Department of Elementary and Secondary Education (DESE) designed and implemented a GEER grant reimbursement process for the local education agencies (LEAs) that provided some level of assurance that LEAs used GEER grant funds for allowable purposes (for the Connectivity and Transportation Supplement Initiatives), the monitoring plan DESE designed for those initiatives needs strengthening. Specifically, DESE's monitoring plan does not include a protocol for when it would review 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.

DHEWD's GEER Grant Reimbursement Process for IHEs

DHEWD designed and implemented a comprehensive reimbursement process that it used to monitor IHEs' expenditures. We found that the reimbursement process ensured IHEs used GEER grant funds for allowable purposes. Specifically, in order for the IHEs to receive GEER grant reimbursements, DHEWD required them 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 with their reimbursement requests. DHEWD officials reviewed the request forms and supporting documentation to determine whether the expenditures were allowable prior to approving the IHE's request for reimbursement. DHEWD officials documented the approval of the reimbursement request by initialing the invoices or other supporting documents. 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.[1]

DESE's GEER Grant Reimbursement and Monitoring Processes for LEAs

We found that DESE designed and implemented a GEER grant reimbursement process that provides some level of assurance on the allowability of expenditures for which LEAs requested

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[1] 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.

reimbursement with GEER grant funds; however, the monitoring plan DESE designed for the GEER grant needs strengthening.

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

DESE developed and implemented a process to disburse GEER grant funds to applicable LEAs on a reimbursement basis (for the Connectivity and Transportation Supplement Initiatives), that provided some level of assurance on the allowability of expenditures. In order to receive GEER grant reimbursements, DESE required LEAs to submit an online form that listed the amount requested and the related accounting code; however, LEAs were not required to submit invoices or other supporting documentation along with the reimbursement request. DESE also required LEAs to submit an assurance[2] stating that the expenditure(s) submitted for reimbursement complied with GEER grant requirements and were included in the pre-determined categories[3] listed on the LEAs' approved budgets. DESE Regional Supervisors reviewed the Connectivity Initiative reimbursement requests and DESE's Student Transportation Manager reviewed the Transportation Supplement Initiative reimbursement requests. In addition, DESE's CARES Act Coordinator conducted a second level review of the Connectivity Initiative reimbursements. The reviewers verified that the required assurance was included with the reimbursement request, the accounting code(s) and the amount(s) expended agreed with the LEA's approved budget, and there were sufficient funds budgeted to cover the amount of reimbursement requested.

DESE's GEER Grant Monitoring Process for LEAs

DESE has not begun monitoring the LEAs' use of GEER grant funds, however, DESE has designed a monitoring process. We found the monitoring process needs strengthening. Specifically, DESE's monitoring process does not include a protocol for when it would review supporting documentation related to LEAs' expenditures. Adding such a review would strengthen DESE's monitoring process and provide additional assurance that LEAs' expenditures were used 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 true and correct. DESE plans to monitor LEAs that were awarded GEER grant funds for the Connectivity and Transportation Supplement Initiatives by conducting a risk assessment to determine what level of monitoring a LEA selected for review will receive.

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 Connectivity Initiative and one for LEAs that received GEER grant funds for the Transportation Supplement Initiative.[4]

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[2] LEAs submit assurances by clicking a box when submitting their reimbursement request.

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

[4] DESE plans to conduct these risk assessments in June after the school year has ended.

DESE will categorize all LEAs as high, medium, or low risk. Each risk assessment uses 12 risk indicators that are worth 5 points each, for a maximum risk score of 60 points. Some of the risk indicators include: a GEER grant allocation above $90,000 for the Connectivity Initiative or above $50,000 for the Transportation Supplement Initiative, LEA prior audit findings, LEA identified for financial concerns, and LEA created five or more budget revisions.

LEAs with issues in less than 5 of the 12 risk indicators are considered low risk and will receive no monitoring, as shown in Table 1 below. LEAs that have issues identified for 5 to 8 of the 12 risk indicators are assessed as medium risk and will be monitored by a self-assessment/desk review. LEAs that have issues identified for 9 to 12 of the 12 risk indicators are assessed as high risk and will be monitored by an on-site review. Table 1 below shows the type of monitoring that will conducted based on the risk scores and risk assessment level. Because DESE has not yet conducted the risk assessments, it has not determined how many of the 299 LEAs that received funds for its Connectivity Initiative or how many of the 555 LEAs that received funds for its Transportation Supplement Initiative will receive a self-assessment/desk review, on-site review, or no review.

Table 1. Monitoring Actions Based on Risk Scores

Risk Assessment	FY 2022 Tolerance Levels	Action
High Risk	Risk score of 45 or more	On-Site Review
Medium Risk	Risk score between 25 and 40	Self-Assessment/Desk Review
Low Risk	Risk Score 20 or less	No Action

Self-Assessment/Desk Review Process
In DESE's monitoring plan, LEAs that will be required to perform a self-assessment, must answer 31 questions with either "yes", "no", or "not applicable," and provide comments where required.[5] The questions relate to allowable use of funds, obligation of funds, coding of expenditures, cash management, procurement, time and effort, inventory, and nonpublic school services/equitable services. DESE's monitoring team will review the responses for compliance with Federal laws and regulations; however, the LEAs are not required to certify their responses to the self-assessment questions. 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 with an LEA's answers, the LEA may be asked to provide additional information or upload supporting documentation. Such discrepancies include –

- The LEA indicates "No" on any question, they will be flagged and required to complete a corrective action plan (CAP) and must submit supporting documentation;
- If there is a discrepancy between the Annual Secretary of the Board Report that contains end of the year financial reporting for all expenditures and the electronic

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[5] 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.

planning and electronic grants system (ePeGS) final expenditure report, or reported payment information;

- The LEA did not meet cash management requirements based on the expenditures reported in their general ledger;
- The LEA indicated time and effort was "not applicable," but they reported expenditures under a salary category; and
- The LEA indicated inventory is "not applicable," but they reported expenditures under the equipment category.

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, prior to the start of the on-site review. The CARES Coordinator and the monitoring team will fill out the same questionnaire used in the self-assessment/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 for the expenditures described above;
- 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, may not include documentation for expenditures, and may not occur.

After the self-assessment/desk and 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 CAP. The LEA must correct any deficiencies within 30 days.

Desk Audits

As an additional step in its monitoring plan, each fiscal year, DESE also plans to perform desk audits that include another review of LEAs' applications, separate from the tiered monitoring process described above. We found that the application does not provide details on the planned expenditures but rather a short description of how the LEA plans to use to the funds. DESE plans to review LEAs' budget applications and 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 ePeGS. However, DESE does not plan to request and review any invoices or other supporting documentation related to expenditures during this process. The desk audit is a review of records and documents that DESE has already processed and would not identify whether the LEAs' expenditures were used for unallowable purposes.

Because the reimbursement requests, self-assessments/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 true and correct.

CRITERIA

According to 2 Code of Federal Regulations § 200.303, Internal Controls, (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 Code of Federal Regulations § 200.400, Cost Principles, (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.

CAUSE

According to Assistant Commissioner for the Office of Quality Schools, DESE relies on the LEAs' assurances submitted with its application for GEER grant funds and the guidance included in the grant packages prepared for the Transportation Supplement and Connectivity Initiatives to ensure LEAs' compliance with GEER grant requirements and therefore, DESE's monitoring plan does not include protocols for when to review documentation to support that the expenditures were actually made for allowable purposes.

EFFECT

Although Missouri has some controls in place to determine whether subgrantees are using GEER grant funds for allowable purposes, having protocols for when to review LEAs' supporting documentation 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.

RECOMMENDATIONS

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

1. Develop and implement protocols for when to review supporting documentation related to LEAs' expenditures charged to the GEER grant fund to provide additional assurance that funds were used for allowable purposes.
2. Require that LEAs certify their responses to the self-assessment.

U.S. Department of Education, Office of Inspector General
Missouri's Administration of the GEER Fund Grant
Observation Sheet 1

Missouri's Governor's Emergency Education Relief Fund Grant
 Awarding Process Needs Improvement

CONDITION

The State of Missouri (Missouri) designed and generally implemented awarding processes that ensured that the Governor's Emergency Education Relief Fund (GEER grant) was used to support LEAs and IHEs that were most significantly impacted by the coronavirus. Specifically, Missouri's Department of Elementary and Secondary Education (DESE) and Department of Higher Education and Workforce Development (DHEWD) designed and implemented awarding processes for DESE's LEA Transportation Support Initiative and DHEWD's Institutions of Higher Education (IHE) Initiative that ensured that the GEER grant funds were allocated to support LEAs and IHEs that were most significantly impacted by the coronavirus. DESE's Transportation Support Initiative allocation methodology used DESE's annual transportation allocation formula that 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 due to coronavirus. DHEWD's IHE Initiative allocation methodology used the number of students enrolled, the number of faculty/staff employed, the number of Pell grant recipients enrolled at the public IHEs to identify IHEs with the greatest need because these IHEs would have the largest number of students, faculty, and staff affected by coronavirus. We agreed that the factors that Missouri considered in its allocation methodologies identified LEAs and IHEs most significantly impacted. However, while DESE designed an awarding process for its LEA Connectivity Initiative to ensure that the related 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 Connectivity Initiative and Related GEER Grant Allocation Methodology

DESE received $15 million in GEER grant funds for its Connectivity Initiative to increase the number of students that have access to the internet and digital learning resources, by providing Wi-Fi enabled devices and hotspots to students. To allocate GEER grant funds related to its Connectivity Initiative, DESE used four factors that provided a gauge for determining the LEAs that were most significantly impacted by the coronavirus and the amount of funds those LEAs should be awarded: (1) free and reduced lunch rate for each LEA, which is the percentage of students at the LEA that qualify for free or reduced lunch because they come from a low-income household; (2) Purdue University's Digital Divide Index (DDI) score for socioeconomics for each county, which in part is a measure of socioeconomic characteristics such as income, that may limit motivation, skills, and usage of the internet; (3) student enrollment data, specifically, the number of students enrolled in each LEA district for fiscal year 2019; and (4) a cost of $300 for an iPad per student because not all students have the capability of staying connected to the learning environment outside of the classroom. The aforementioned factors were used to determine coronavirus impact because 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 cause school closures. The primary issue for the lack of digital learning resources is affordability; some families cannot afford cellular data or monthly broadband charges.

U.S. Department of Education, Office of Inspector General
Missouri's Administration of the GEER Fund Grant
Observation Sheet 1

To allocate the $15 million in GEER grant funds, DESE averaged the free and reduced lunch rate and the DDI socioeconomic score for each of its 555 LEAs that were eligible[1] to receive funds from the GEER grant, and then ranked the LEAs from high to low. The LEAs with the highest scores were considered most significantly impacted by the coronavirus. DESE calculated each LEA's GEER grant amount by multiplying a per student factor (free and reduced lunch rate x $300) by 20 percent of the LEA's 2019 student enrollment[2] and then allocating the funds to LEAs at the top of the ranking list (highest score, most significantly impacted) and working down the list until the $15 million in GEER grant funds were exhausted. DESE allocated the funds to 296 of its 555 eligible LEAs. DESE notified the LEAs of their allocation amount, required the LEAs to submit an application and budget in order to receive the allocation, and informed them that the funds will be available on a reimbursement basis. As of April 12, 2021, not all of the 296 LEAs had applied for their allocation; however, DESE believes that all of them will apply for the funds before the deadline.[3]

Error in the Written Allocation Methodology

In our review of the spreadsheet where DESE calculated the allocations, we found that the DDI score DESE used in its allocation spreadsheet is not the DDI score included in the written allocation methodology DESE published on its website and reported to the U.S. Department of Education. According to DESE's written allocation methodology, DESE was to use the DDI infrastructure score, which is a score that measures the percentage of the population that does not have internet access or computing devices in a specific county, as one of the four factors for allocating the GEER grant funds. However, as described in the section above, DESE used a DDI socioeconomic score in the allocation spreadsheet.

Formula Errors in the Allocation Spreadsheet

We also found that in DESE's use of a DDI socioeconomic score in the allocation of the GEER grant funds, DESE incorrectly applied a DDI socioeconomic score of 39.24 to 56 of the 555 LEAs in the allocation spreadsheet. All 56 LEAs have names that begin with "St" (for example, St. Louis, St. Charles, St. Clair, and St. Francois). DESE used a VLOOKUP formula in its allocation spreadsheet that pulled the DDI socioeconomic score for each LEA from the DDI socioeconomic spreadsheet. However, there was an error in the VLOOKUP formula that caused all LEAs with names beginning with "St" to be assigned the DDI socioeconomic score specific to Shelby County. Twenty-seven of the 56 affected LEAs were part of the 296 LEAs that were awarded a GEER grant allocation. The error with the DDI socioeconomic scores for the 56 LEAs caused the ranking of 554 LEAs to be incorrect.

After we informed DESE of the error, it revised the allocation spreadsheet to correct the DDI socioeconomic score for the 56 LEAs; however, we found that the revised spreadsheet contained other errors that were not present in the original allocation spreadsheet. Specifically, Ripley County's 94.04 DDI socioeconomic score was applied to all LEAs located in Saline, Schuyler, Scott, and Scotland

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[1] Three LEAs were not eligible to apply for the GEER grant: Department of Corrections, Missouri Schools for the Severely Disabled, and the Pemiscot Special School District.

[2] DESE conducted a study and found that one in five students or 20 percent of Missouri students did not have access to the internet.

[3] Funds much be obligated by September 1, 2021, and reimbursement claimed by September 1, 2022.

Subject to Review and Revision

U.S. Department of Education, Office of Inspector General
Missouri's Administration of the GEER Fund Grant
Observation Sheet 1

counties, which resulted in an incorrect DDI socioeconomic score being applied to 17 LEAs. The 17 LEAs affected were part of the 296 LEAs that were awarded a GEER grant allocation. This occurred because of another error in the VLOOKUP formula DESE used in its revised allocation spreadsheet. Because of the errors in the revised allocation spreadsheet, the ranking order of LEAs that were most significantly impacted by coronavirus was again incorrect. After we informed DESE of these additional errors, they corrected all the errors and provided us with a third allocation spreadsheet. We reviewed the spreadsheet and did not identify any errors. The third allocation spreadsheet identified 299 LEAs most significantly impacted by the coronavirus, some of which were different from the original list of LEAs that were awarded GEER grant funds. However, DESE said that it will not be revising any awards.

CRITERIA

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 on-going functionality of the LEA."

According to 2 Code of Federal Regulations § 200.303, Internal Controls, (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.

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. 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.

Missouri's reported criteria for determining LEAs most significantly impacted by coronavirus for its Connectivity Initiative are as follows:
• Digital Divide Index, including the Infrastructure adoption sub score
• Device availability from LEA surveys
• Rate of students qualifying for Free and Reduced Lunch

CAUSE
Error in the Written Allocation Methodology

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. In addition, DESE did not have sufficient controls in place to ensure that responsible staff followed the written allocation methodology. The Assistant

U.S. Department of Education, Office of Inspector General
Missouri's Administration of the GEER Fund Grant
Observation Sheet 1

Commissioner stated that several different staff members reviewed the written allocation methodology but did not identify the error. Also, no one compared the written allocation methodology to what was implemented to ensure the correct allocation factors were used.

Formula Errors in the Allocation Spreadsheet

DESE did not have sufficient controls in place to ensure that responsible staff correctly applied the formulas in the allocation spreadsheet. The Assistant Commissioner stated that several different staff members reviewed the allocation spreadsheet; however, the reviewers did not look specifically at the formulas to ensure they were correct and as such, did not identify the errors. Additionally, DESE did not have written procedures or a formal review process to ensure the accuracy and completeness of the allocation spreadsheet.

EFFECT

Error in the Written Allocation Methodology

The DDI score error resulted in DESE allocating GEER grant funds to 84 LEAs that would not have received GEER grant funds. The $3,413,013 in GEER grant funds that was allocated to the 84 LEAs should have been allocated to 48 different LEAs. DESE allocated Elementary and Secondary School Emergency Relief (ESSER) grant funds to 32 of the 48 LEAs instead but the remaining 16 LEAs were not awarded any grant funds for the Connectivity Initiative. According to the Assistant Commissioner for OQS, DESE intended to use the DDI socioeconomic score all along so it will not reallocate the awards.

Formula Errors in the Allocation Spreadsheet

The VLOOKUP formula error resulted in DESE allocating GEER grant funds to seven LEAs that should not have received an allocation. The $933,638 in GEER grant funds that was allocated to the 7 LEAs should have been allocated to 10 different LEAs. According to the CARES Act Coordinator, DESE will not reallocate the awards. As such, some of the LEAs that were most significantly impacted by the coronavirus will not receive GEER grant funds that they were entitled to receive under the correct allocation methodology.

In addition, one of the seven LEAs that received a GEER grant allocation in error, expended its $9,000 award before DESE became aware of the error. We asked DESE how it planned to correct this allocation error, and the Chief Operations Officer for Accounting and Procurement stated that the LEA should have been allocated ESSER grant funds instead of GEER grant funds; however, because both the GEER and ESSER grant funds could be used for the same allowable purposes, DESE will not recover the GEER grant funds from the LEA. However, although the funds for the two programs may be used for the same purposes, the eligibility requirements for awarding the funds to LEAs are different, each grant has separate reporting requirements, and LEA and State records need to accurately reflect funding sources for future program compliance audit purposes. While GEER grant funds are awarded to State Governors, ESSER grant funds are awarded to State educational agencies (SEA). The Governor may provide GEER grant funds to LEAs and IHEs that have been most significantly impacted by coronavirus or that the

U.S. Department of Education, Office of Inspector General
Missouri's Administration of the GEER Fund Grant
Observation Sheet 1

Governor deemed essential for carrying out emergency educational services to students.[4] SEAs may subgrant ESSER grant funds to LEAs from its State Reserve portion of the grant.[5]

Because DESE's review process did not identify the errors in the spreadsheet formulas for ranking LEAs, it did not ensure that all the LEAs identified as the most significantly impacted by coronavirus were allocated a GEER grant. In addition, because DESE did not identify the errors in its written methodology, it published an incorrect methodology on its website and reported an incorrect methodology to the U.S. Department of Education. Users of the information do not have accurate information on which to base decisions.

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

1. Develop and implement controls over the allocation process of its Federal program allocation methodologies and related formulas to ensure that they are accurately implemented.
2. Revise the methodology used to rank LEAs that is posted on its website and submit the revised methodology to the U.S. Department of Education.
3. Adjust accounting records to reallocate funds so that the 10 LEAs identified in the corrected allocation spreadsheet as the most significantly impacted by the coronavirus that should have been allocated funds from the GEER grant, receive the GEER grant funds that they are due for the Connectivity Initiative and inform these LEAs of the change in their funding source.
4. Adjust accounting records to reallocate funds so that the 7 LEAs that were not identified as the most significantly impacted by the coronavirus in the corrected allocation spreadsheet, do not receive GEER grant funds for the Connectivity Initiative and inform these LEAs of the change in their funding source.

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[4] LEAs, IHEs or other education-related entities that the Governor deemed essential carrying out emergency educational services, providing child-care and early childhood education, providing social and emotional support or protecting education-related jobs.
[5] SEAs may reserve up to 10 percent of their ESSER grant award to address emergency needs resulting from the coronavirus.