



Tab 27

Overview of Recent Audit Reports

Coordinating Board for Higher Education
September 11, 2019

BACKGROUND

MDHE undergoes routine annual audits by the following entities:

- 1) State Auditor's Office (SAO) – The SAO determines which state funds have the most significant amount of activity and tests transactions from those funds during its audit of the statewide financial statements. Both the loan program and the state financial aid funds typically have activity at a level that the SAO considers significant and those funds are included in test work for the 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) RubinBrown – Through a contract awarded by the Office of Administration, RubinBrown 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

MDHE continues to work with the Office of Administration-Information Technology Services (OA-ITSD) to resolve the remaining audit findings in the current-year USDE Information Security Controls audit report. After much back-and-forth, FSA and their contractor, Blue Canopy, provided MDHE with a list of information that MDHE and OA-ITSD could bring to their offices in Washington, DC, August 21-23, 2019. MDHE and OA-ITSD went to Washington, DC and provided the information. FSA provided its revised draft audit report to MDHE on August 28, 2019 decreasing the number of findings to 23. MDHE's response is due Friday, September 6, 2019.

USDE conducted its Program Review of MDHE's Student Loan Program loan servicer, Ascendium Education, on-site at Ascendium, July 16-19, 2019. During the exit conference there were no findings identified. The only potential issue was how Ascendium calculates interest on payments made on defaulted student loans. The issue involves the interest rate charged on the date of the payment. USDE says it is not a finding, but an issue they are reviewing across guaranty agencies.

The State Auditor's Office conducted its entrance conference with the MDHE for its fiscal year 2019 Statewide Financial Statements Office. MDHE will work with the State Auditor's Office to provide all needed information.

RubinBrown will do its on-site interim field work beginning September 9, 2019. They will be on-site for three days.

NEXT STEPS

MDHE will provide the CBHE with an update on the status of the 23 remaining Findings related to the USDE's Information Security Audit at the next public meeting.

MDHE will provide the CBHE with a copy of both the USDE's Information Security Audit and Student Loan Program audit of Ascendium when available.

MDHE will work with both the State Auditor's Office and RubinBrown while they conduct their audits and provide an update on both at the next public meeting.

RECOMMENDATION

This is an information item only.