



RULES OF
**Department of Elementary and
Secondary Education**
**Division 30—Division of Financial and
Administrative Services**
Chapter 4—General Administration

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**TITLE 5 – DEPARTMENT OF ELEMENTARY AND
SECONDARY EDUCATION**
**Division 30 – Division of Financial and
Administrative Services**
Chapter 4 – General Administration

5 CSR 30-4.010 General Provisions for Federal Programs
(Rescinded August 30, 2003)

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**5 CSR 30-4.020 Standards for the Approval of Courses
and Administration of Reimbursement for the Education
of Persons Under Veterans' Education, Vocational
Rehabilitation, Job Training Partnership Act, P.L. 97-300 and
Other Employment Training Funding Sources Contracting
With the State Board of Education**
(Rescinded February 28, 2001)

AUTHORITY: sections 161.172, 178.430, 178.590 and 178.610, RSMo 1986 and 178.530, RSMo Supp. 1991. Original rule filed May 20, 1981, effective Nov. 16, 1981. Amended: Filed Aug. 13, 1982, effective Nov. 15, 1982. Amended: Filed Nov. 1, 1983, effective March 15, 1984. Amended: Filed July 17, 1990, effective Dec. 31, 1990. Amended: Filed June 1, 1992, effective Feb. 26, 1993. Rescinded: Filed July 7, 2000, effective Feb. 28, 2001.

5 CSR 30-4.030 Audit Policy and Requirements

PURPOSE: This rule establishes a comprehensive policy for public local education agencies (LEAs). This policy outlines the purposes of audits, the responsibilities various parties have in the audit and the audit review process, relationships in this process, minimum audit requirements, and procedures the Department of Elementary and Secondary Education (department) follows in resolving any question or problem which may be disclosed by the audit.

PUBLISHER'S NOTE: The secretary of state has determined that publication of the entire text of the material that is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. This material as incorporated by reference in this rule shall be maintained by the agency at its headquarters and shall be made available to the public for inspection and copying at no more than the actual cost of reproduction. This note applies only to the reference material. The entire text of the rule is printed here.

(1) For the purpose of this rule, unless the context clearly requires otherwise, the following terms shall mean:

(A) Local Education Agency (LEA). Public school district or charter school and, for the purpose of this rule, charter school includes non-LEA charter schools; and

(B) Board. Public school district board of education or charter school board of directors.

(2) Audits of LEAs are primarily intended to express an

auditor's opinion on the fairness of presentation of the financial statements. Audits also provide an independent review of financial operations, systems of internal control, and compliance with relevant state and federal laws and regulations.

(A) The financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) (accrual basis); or Other Comprehensive Basis Of Accounting (OCBOA) such as cash, modified cash, or modified accrual; or a basis of accounting required by state law.

(3) Responsibilities in the audit process are shared by the board, the independent auditor contracted by the board, and the Department of Elementary and Secondary Education (department).

(4) The board's responsibilities are as follows:

(A) Each board is responsible for defining an appropriate scope of the audit.

1. At a minimum, the audit must include the LEA's:

A. General, special revenue, debt service, and capital projects funds;

B. Fiduciary funds;

C. Proprietary funds; and

D. Component units (unless a component unit issues its own audited financial statements).

2. A Single audit of federal funds expended by the LEA may be required. State law provides for the acceptance of federal acts and funds and for its necessary administration and supervision. Audit requirements are a part of federal acts and the implementing regulations adopted by the administering federal agencies.

A. All LEAs that expend a total amount of federal awards equal to, or in excess of, the amount specified in Office of Management and Budget (OMB) *Uniform Grant Guidance* 2 CFR Part 200 as the single audit threshold or such other amount specified by the federal director of the OMB in any fiscal year shall either have a single audit or a program-specific audit made for such fiscal year in accordance with the requirements of *The Single Audit Act Amendments of 1996*, OMB *Uniform Grant Guidance* 2 CFR Part 200 and the *Government Auditing Standards*.

B. All LEAs that expend a total amount of federal awards of less than the amount specified in OMB *Uniform Grant Guidance* 2 CFR Part 200 as the single audit threshold or such other amount specified by the director of the OMB in any fiscal year shall be exempt for such fiscal year from compliance with *The Single Audit Act Amendments of 1996*. However, the LEA must make the records available for review or audit by appropriate officials of the appropriate federal agency, department, and the Government Accountability Office (GAO). Also, these LEAs shall be required to have an audit performed in accordance with *Government Auditing Standards*.

3. All audits shall be single entity reports completed based on a July 1 to June 30 fiscal year on an annual basis except for non-LEA charter schools that are part of an LEA. Non-LEA charter schools that are part of an LEA shall have an independent audit report as a single entity separate from the LEA audit report.

4. LEAs that cease operations are not exempt from the audit requirements. A final audit of the LEA's activities through the date it ceases operations must be performed and submitted to the department as otherwise described in this rule;

(B) Each board is responsible for procuring audit services. Audit services should be competitively bid in accordance with



LEA procurement policy.

1. Each board is responsible for procuring an independent auditor who holds a current permit to practice public accounting in the state of Missouri and meets the requirements for continuing professional education and peer review, as defined by the regulations of the Missouri State Board of Accountancy and *Government Auditing Standards*. Subcontractors must also meet these requirements.

2. When the board requests proposals for audit services, the objectives and scope of the audit must be made clear. The LEA must request a copy of the audit organization’s peer review report, which the auditor is required to provide under the *Government Auditing Standards*.

3. Auditors performing single audits pursuant to OMB *Uniform Grant Guidance* 2 CFR Part 200 must not be suspended or debarred from doing business with the federal government;

(C) The board audit report shall be submitted to the department by LEA officials no later than December 31 of each year. If the audit is not received by the deadline, all funds disbursed by the department to the LEA may be withheld until the audit is received;

(D) The board is responsible for transmitting one (1) copy of the board-approved audit report; the related management letter, if one is prepared by the independent auditor; all other documentation or records as required by the department; a copy of the final approved signed board minutes or board resolution, indicating approval of the audit report to the department; and other copies of the audit report as required by federal laws and regulations to the appropriate agency(ies). The management letter (if applicable) and a copy of the final approved signed board minutes or board resolution indicating approval of the audit report must be received by the department before the audit file is considered complete for the fiscal year.

1. The audit report related management letter, and copy of the final approved signed board minutes or board resolution must be submitted electronically to the department by the board as designated by the department. All signatures that would normally be included on the hard copy document must be present on the electronic document. Documents with scanned signatures are acceptable. Copies of unsigned audit reports, management letters, or board minutes or resolutions are not acceptable.

2. Revisions to an audit report may also be submitted electronically to the department but must be accompanied by a signed statement from the independent auditor on the firm’s letterhead explaining the reason for the revision;

(E) LEAs that have a single audit performed and have federal findings or questioned costs shall submit the LEA’s Corrective Action Plan prepared in accordance with OMB *Uniform Grant Guidance* 2 CFR Part 200 with their audit report and management letter as stated above.

1. The corrective action plan must be included with the audit report;

(F) The board must notify the department’s Financial and Administrative Services Division if fraud or embezzlement is discovered during the course of the audit;

(G) The board must prepare financial statements that reflect its financial position, notes to the financial statements, and assertions related to compliance with state and federal laws and regulations;

(H) Each board is responsible for ensuring implementation of audit recommendations as appropriate and resolving any questions or discrepancies disclosed by the audit or noted by the department; and

(I) The board is responsible for the accuracy of the audited

financial statements.

(5) The independent auditor is responsible for conducting the audit in accordance with generally accepted auditing standards, government auditing standards, federal audit requirements, and the department audit guidelines as contained or referenced in this rule; submitting the audit report to the client board; and assisting in resolving questions or problems that may be disclosed by the audit. Depending on the contract or agreement the LEA has with its independent auditor, this assistance may require additional compensation to be paid to the auditor.

(A) LEA audits must contain at a minimum the following:

1. A statement of the scope of examination;

2. A statement as to whether the audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;

3. The independent auditor’s opinion as to whether the financial statements included in the audit report present fairly the results of the operations during the period audited;

4. A statement as to whether the financial statements accompanying the audit report were prepared in accordance with generally accepted accounting principles or another comprehensive basis of accounting;

5. The reason or reasons an opinion is not rendered in the event the independent auditor is unable to express an opinion with respect thereto;

6. Except for charter schools, the independent auditor’s opinion as to whether the LEA’s budgetary and disbursement procedures conform to the requirements of Chapter 67, RSMo;

7. The independent auditor’s opinion as to whether attendance and transportation records are so maintained by the LEA as to disclose accurately average daily attendance and average daily transportation of pupils during the period of the audit;

8. The schedule of selected statistics, as specified annually by the department; and

9. Financial statements presented in such form as to disclose the operations of each fund of the LEA and a statement of the operations of all funds.

(6) The department has the general responsibility to receive and review audits and to verify that minimum audit requirements have been met. Specific responsibilities within the department are assigned as follows:

(A) Questions regarding audit reports and any audit problems, discrepancies, or findings are generally resolved by the department directly with the administrative staff at the LEA. However, in some cases, department staff may communicate directly with the LEA’s auditor. Department staff may communicate with the federal cognizant agency (typically, the U.S. Department of Education) regarding compliance with various federal requirements. The cognizant agency has the authority to make periodic contacts with LEA officials and their auditors regarding specific questions, audit deficiencies, or review of the audit process; and

(B) The department is responsible for reviewing the audit reports for general acceptability in accordance with state and federal guidelines.

1. Department staff preliminarily review the audit to determine if the audit generally conforms to state and federal requirements referenced in this rule.

2. LEAs that receive an audit with a disclaimer of



opinion shall institute corrective measures to ensure that the subsequent audit does not contain a disclaimer of opinion. If a disclaimer of opinion is rendered on the subsequent audit, the audit shall be deemed unacceptable and all funds disbursed by the department to the LEA may be withheld until such time as the LEA demonstrates to the department that the situation resulting in the disclaimer of opinion has been corrected by the LEA.

3. Audit reports containing an adverse opinion are evaluated by department staff. Depending on the reasons for the adverse opinion, the department may require the LEA to provide evidence that corrective action has been or is being taken to eliminate the adverse opinion from future reports. If corrective action is not taken as deemed necessary by the department and an adverse opinion is rendered on the subsequent audit, the audit shall be deemed unacceptable and all funds disbursed by the department to the LEA may be withheld until such time as the LEA demonstrates to the department that the situation resulting in the adverse opinion has been corrected by the LEA.

4. Department staff will review a sample of audits via a formal desk review for adherence to the appropriate audit requirements (*The Single Audit Act Amendments of 1996*; OMB *Uniform Grant Guidance* 2 CFR Part 200; *Government Auditing Standards*, as well as the state requirements) included or referenced in this rule.

A. Any deficiencies with the audit, during this phase, are communicated to LEA officials and/or the independent auditor depending on the severity and type of deficiency noted. Resolution of desk review items should occur within the time frame provided by the department in the written communication with the LEA or the independent auditor. Failure to address noted deficiencies may result in the withholding of funds disbursed by the department to the LEA. Severe deficiencies and/or inaction by the LEA's independent auditor may result in the reporting of the independent auditor to the Missouri State Board of Accountancy.

B. Review of the independent auditor's working papers may be conducted by the department as deemed appropriate to ensure appropriate work has been performed to support statements, opinions, findings of the independent auditor. Auditors may be requested to provide their most recent peer review report to the department.

5. For audits conducted in accordance with OMB *Uniform Grant Guidance* 2 CFR Part 200, federal findings and questioned costs and the related Corrective Action Plan are circulated to the appropriate department program sections for follow-up with the LEA.

A. The program sections, both federal and state, are responsible for addressing relevant portions of the audit including follow-up with LEA officials and their independent auditors to resolve any questions, discrepancies, or audit findings.

B. The appropriate program section shall issue a written management decision to the LEA indicating approval/disapproval of the LEA's Corrective Action Plan. This must take place within six (6) months from the receipt of the audit.

C. When the program section review suggests questions or discloses discrepancies, the individual program section corresponds directly with the LEA. This correspondence initiates a procedure for resolving program audit questions and discrepancies which is outlined below:

(I) Personnel of the various program sections advise the LEA officials of the findings and the nature of any discrepancy found in the audit report;

(II) Within the time frame provided by the department, LEA officials are expected to respond with clarifying information and, as appropriate, corrected data or a corrected page of the audit report issued by the independent auditor who conducted the original audit. Department staff assist in every reasonable way to help a LEA and/or its independent auditor find a solution to audit problems; and

(III) If a discrepancy cannot be resolved, the department may recover or withhold applicable state or federal funds from the affected program.

(7) *The Single Audit Act Amendments of 1996*, 62 FR 35278-35319, and the Office of Management and Budget (OMB) *Uniform Grant Guidance*, 2 CFR Part 200, are hereby incorporated by reference and made a part of this rule as published by the Office of the Federal Register, April 2022, and are available by contacting the Office of Administration, Publications Office, Room 2200, New Executive Office Building, Washington, DC 20503. Copies of these regulations can also be obtained from the Department of Elementary and Secondary Education, Division of Financial and Administrative Services, 205 Jefferson Street, PO Box 480, Jefferson City, MO 65102-0480 and at <https://dese.mo.gov/governmental-affairs/dese-administrative-rules/incorporated-reference-materials>. This rule does not incorporate any subsequent amendments or additions.

(8) *The Government Auditing Standards*, issued by the Comptroller General of the United States, are hereby incorporated by reference and made a part of this rule as published by the U.S. Government Accountability Office, 441 G St. NW, Washington, DC 20548, April 2022. Copies of these regulations can also be obtained from the Department of Elementary and Secondary Education, Division of Financial and Administrative Services, 205 Jefferson Street, PO Box 480, Jefferson City, MO 65102-0480 and at <https://dese.mo.gov/governmental-affairs/dese-administrative-rules/incorporated-reference-materials>. This rule does not incorporate any subsequent amendments or additions.

AUTHORITY: sections 160.405, 161.092, 165.121, 167.201, and 178.430, RSMo 2016. Original rule filed April 28, 1982, effective Sept. 12, 1982. Amended: Filed Oct. 12, 1982, effective Jan. 14, 1983. Amended: Filed March 7, 1985, effective Sept. 3, 1985. Amended: Filed Jan. 30, 1989, effective May 25, 1989. Emergency amendment filed June 21, 1995, effective July 1, 1995, expired Oct. 28, 1995. Amended: Filed May 11, 1995, effective Dec. 30, 1995. Emergency amendment filed May 1, 1997, effective May 11, 1997, expired Nov. 8, 1997. Amended: Filed April 29, 1997, effective Nov. 30, 1997. Rescinded and readopted: Filed Sept. 24, 2002, effective March 30, 2003. Rescinded and readopted: Filed April 8, 2009, effective Oct. 30, 2009. Amended: Filed Aug. 21, 2015, effective March 30, 2016. ** Amended: Filed May 31, 2022, effective Jan. 30, 2023.*

**Original authority: 160.405, RSMo 1998, amended 2005, 2009, 2012, 2016; 161.092, RSMo 1963, amended 1973, 2002, 2003, 2013, 2014; 165.121, RSMo 1963; 167.201, RSMo 1963; and 178.430, RSMo 1963.*

***Pursuant to Executive Orders 20-04, 20-10, 20-12, and 20-19, 5 CSR 30-4.030, subsection (4)(C) was suspended from January 13, 2021 through January 31, 2021.*

5 CSR 30-4.040 Annual Public Reporting of Information by School Districts
(Rescinded May 30, 2002)



AUTHORITY: section 160.522, RSMo 1994. Original rule filed March 21, 1995, effective Oct. 30, 1995. Rescinded: Filed Oct. 25, 2001, effective May 30, 2002.

5 CSR 30-4.045 Collection of School District Reports

(Rescinded May 30, 2002)

AUTHORITY: section 161.092(1) and (4), RSMo 1994. Original rule filed Aug. 26, 1996, effective March 30, 1997. Rescinded: Filed Oct. 25, 2001, effective May 30, 2002.

**5 CSR 30-4.050 Local School District Application for
Exemption Under the School Start Date Law**

AUTHORITY: section 161.092, RSMo 2016, and section 171.031, RSMo Supp. 2019. Emergency rule filed May 12, 2020, effective May 27, 2020, expired Aug. 24, 2020.