

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



As a Federal entity, the Department of Education must be transparent and accountable to its broad community of stakeholders. To that end, I am proud to report that the Department received an unmodified or “clean” opinion on its financial statements for the 18th consecutive year. This year, the internal control report identified a repeat of one material weakness, “Controls over the Reliability of Information Used in the Modeling Activities Need Improvement” for which the Department will continue to address and resolve. We also received external validation of our sustained efforts to produce user-friendly, transparent financial reporting by earning the Department’s 15th award of the prestigious Certificate of Excellence in Accountability Reporting (CEAR) from the Association of Government Accountants, as well as the “CEAR Best-in-Class” award for Articulation of Future Challenges.

While states have the greatest role to play in achieving and sustaining the provision of an excellent and equitably accessible education system for American students, the Department supports students by working with parents, students, educational institutions, school districts and states to foster educational excellence and ensure equal access to it in support of the country’s global competitiveness. As a critical mission support organization, the Office of Finance and Operations has the Department’s primary responsibility for maintaining financial integrity over the federal resources entrusted to the agency and for preparing its Agency Financial Report (AFR), such that our stakeholders are empowered with reliable information about our financial stewardship and achievements relative to the costs of executing our mission. With approximately \$1.3 trillion in total assets, comprised primarily of credit program receivables that were funded by \$1.3 trillion in

Treasury borrowings – effective internal controls over the Department’s business processes and financial activities are essential to responsibly delivering our mission outcomes.

I would like to highlight several of the Department’s management accomplishments during FY 2019:

- We implemented a major upgrade to our core financial system. This critical upgrade modernized the technical infrastructure of the system and will reduce potential cybersecurity risks.
- We also successfully merged the following offices: Office of the Chief Financial Officer, Budget Service, and Office of Management, to create a new Office of Finance and Operations. By bringing our offices together, we are making strides to reduce redundancy in our work, maximize employee and organizational efficiency, and better leverage our staff’s substantial knowledge and expertise.
- We completed a Department-wide transition of all information technology services; improving the performance of the Department’s operations and strengthening performance measurement and accountability.

As we move into the new fiscal year, I am confident that we will continue to integrate enterprise risk management concepts into our internal control framework and develop innovative tools and practices to expand support to mission offices; building on our accomplishments and providing even more effective and efficient financial management of the federal resources entrusted to us.

We continuously strive to improve the quality and usefulness of the information provided in the AFR and encourage feedback or suggestions to be sent to us at AFRComments@ed.gov.

Denise L. Carter

Delegated the authority to perform the functions and duties of the position of Chief Financial Officer

November 15, 2019