

# Message From the Chief Financial Officer



I am pleased to present our fiscal year (FY) 2021 *Agency Financial Report* (AFR) for the Department of Education (Department). Throughout FY 2021, the Department has remained committed to our stated mission to “promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.”

Congress established the Department as a Cabinet-level agency in 1980. Today, the Department supports programs that touch every area and level of education. The Department’s early learning, elementary, and secondary education programs annually serve more than 17,000 school districts and more than 56 million students attending more than 98,000 public and 32,000 private schools. Department programs also provide grant, loan, and work-study assistance to more than 10 million postsecondary students at more than 5,600 institutions of higher education.

The Department is responsible for administering education programs authorized and funded by Congress and signed into law by the President. This responsibility involves developing regulations and policy guidance regarding program operations, determining how program funds are awarded to recipients consistent with statutory requirements, and ensuring programs are operated fairly and conform to statutes and laws prohibiting

discrimination in federally funded activities. The Department also collects data and conducts research on education to help focus attention on education issues of national importance.

While remaining in a maximum telework posture for the past year, the Department’s innovative and dedicated workforce achieved several accomplishments during FY 2021:

- In FY 2020 and FY 2021, Congress passed multiple COVID-19 relief bills that provided the Department with over \$280 billion of supplemental funding for educational purposes. With this influx of funds, the Department successfully managed payment integrity risk by implementing strong internal controls that reduce the risk of improper payments while also implementing management flexibilities to temporarily reduce regulatory burdens on grantees adversely impacted by the pandemic.
- The Department established the Office of Enterprise Data Analytics and Risk Management, which merges enterprise risk management and operational internal controls activities and aims to provide leadership with actionable insights powered by data analytics.
- In March 2021, the Federal Student Aid (FSA) launched the FSA Partner Connect website, [fsapartners.ed.gov](https://fsapartners.ed.gov) to help streamline the Next Generation Federal Student Aid (Next Gen FSA) experience for partners.
- For the 20th consecutive year, we received an unmodified (clean) audit opinion on our financial statements from our independent auditor. A clean opinion confirms that our financial statements are presented fairly, in all material respects, and conform with generally accepted accounting principles. The internal control report identified one repeat material weakness, “Controls over the Reliability of Underlying Data Used in Credit Reform Re-estimates Need Improvement.” The Department developed and implemented a corrective action plan to begin addressing deficiencies identified as part of this particular weakness in FY 2021 and remains

committed to continually evaluating current internal controls for improvement opportunities in FY 2022 and beyond.

- We received external validation of our sustained efforts to produce user-friendly, transparent financial reporting by earning the Department's 17th award of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting, as well as a special award for the Innovative Presentation of A Matter of Wide Public Interest. Federal financial reports must pass a rigorous independent review against a comprehensive set of standards to earn this prestigious recognition, which is the highest award bestowed for federal financial reporting.

I am proud of the work the Department has accomplished over the past fiscal year, though challenges still lie ahead. Student loan payment relief during the COVID-19 pandemic was extended through January 31, 2022. This measure included suspending loan payments and halting collections on defaulted loans. These actions have largely insulated federal student loan performance from economic disruption caused by the COVID-19 pandemic, while at

the same time reducing the amount of loan repayments being remitted to the Department. This final extension will give students and borrowers the time they need to plan for restart and ensure a smooth pathway back to repayment. The Department is working with students and borrowers and providing guidance and information about how to plan for payment restart as the end of the pause approaches.

The Department's achievements illustrate the remarkable effort and dedication of our employees and partners. We will continue to serve as accountable and committed stewards supporting the Department's mission on behalf of the public while enhancing our financial management capabilities.

*Denise L. Carter*

**Denise Carter**

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

*November 19, 2021*