



STATE OF MISSISSIPPI
DEPARTMENT OF AGRICULTURE AND COMMERCE
LESTER SPELL, JR., D.V.M.
COMMISSIONER

October 13, 2008

The Honorable Stacey E. Pickering
State Auditor
P. O. Box 956
Jackson, Mississippi 39205

Dear Mr. Pickering:

We appreciate the efforts of your staff in its recent audit of the Mississippi Department of Agriculture and Commerce. In response to your findings for Fiscal Year 2007, Limited Internal Control and Compliance Review Management Report, we have prepared a plan for addressing those findings, as follows:

1) **Strengthen Controls Over The Fruit And Vegetable Revolving Fund**

The Mississippi Department of Agriculture and Commerce (MDAC) Fruit and Vegetable Revolving Fund developed a program that was reviewed and approved by the Office of the State Auditor. We are confident this will correct the problem with the cash receipt log and strengthen controls in this area.

Due to the lack of personnel involved with the MDAC Fruit and Vegetable Revolving Fund, it is difficult to have an adequate segregation of duties. However, the personnel involved with the Fruit and Vegetable Revolving Fund have segregated their duties as much as possible.

2) **Strengthen Controls Over Bank Accounts**

In an effort to strengthen controls over agency bank accounts, the MDAC's Accounting Division now receives copies of all reconciled bank statements on a monthly basis for review. Each bank statement is closely examined for accuracy, timeliness of deposits, and the integrity of each transaction. On-site reviews of bank account documents will also be performed periodically.

3) **Collateral Sufficiency Analysis Reports Should Be Reconciled To Agency Reports**

MDAC has put in place measures which will ensure that all Agency Collateral Sufficiency Analysis Reports are reconciled to the bank records. The Accounting Division will receive copies of all bank statements on a monthly basis. These bank statements will then be compared to the quarterly reports and a reconciliation will be completed and attached. Any discrepancies will be reported to the State Treasury and documented on the reconciliation report.

4) **Funds Should Be Deposited Promptly And Transferred Timely To The State Treasury**

As of January 2008, the Mississippi Agriculture and Forestry Museum began making deposits daily into the Enterprise Account and making subsequent transfers to the State Treasury.

The Mississippi Farmer's Market will deposit all cash receipts to the MDAC Accounting Department no later than the following business day after the receipts origination. The MDAC Accounting Department will deposit the cash receipts to the clearing account and transfer to the State Treasurer on a timely basis.

The MDAC makes every attempt to transfer receipts in a timely manner. During Fiscal Year 2007, the MDAC Accounting Division experienced a shortage in staff due to extended illnesses. It was during this time period that receipts, involving the Bureau of Plant Industry, were not transferred in a timely manner. Since that time, we have cross-trained employees in both the MDAC Accounting Department and the Bureau of Plant Industry so there will not be any lag time in transferring receipts in the future.

5) **Audit Procedures Should Be Performed For The Fruit And Vegetable Revolving Fund In Accordance With State Law.**

Following the departure of Michael Robinson in 2005, Rod Sanders had been reviewing the MDAC Revolving Fund. These were informal reviews of the internal procedures of the fund. MDAC will resume performing a formal internal review of the Fruits and Vegetable Revolving Fund. These reviews will be

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conducted on an annual basis by the MDAC Accounting Division with additional reviews performed if deemed necessary. In addition, a formal review of internal procedures has been conducted by an outside source to further strengthen controls and increase the accountability of the fund.

6) **Bank Accounts Should Be Properly Authorized And Maintained**

Prior to our recent audit, it was our understanding that reauthorizations were prompted by the Mississippi Department of Finance and Administration. Reauthorizations from our agency had been submitted, but had not been received back from DFA at the time of the audit. All authorizations are now up to date and are on a schedule to be renewed as needed.

Also, a copy of all bank statements are being reviewed monthly to ensure that bank accounts are maintained properly and the interest due to the General Fund is transferred monthly.

Your recommendations and our actions should enable the Department to carry out its mission more effectively and efficiently. Thank you and your staff for your assistance.

Sincerely,



Lester Spell, Jr., D.W.M.
Commissioner