



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
GRAY SWOOPE
EXECUTIVE DIRECTOR

Single Audit Findings

March 18, 2009

Mr. Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Pickering:

This letter is in response to your letter of March 4, 2009, concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year 2008. We are pleased to note that no reportable conditions were considered to be material weaknesses. Supervisor Review checklists and other controls were implemented during 2008; therefore corrective actions will be most evident in projects funded after this time period. Our responses to the 2 (two) reportable conditions are as follows:

SUBRECIPIENT MONITORING

<u>CFDA</u>	<u>Program Name</u>
14.228	Community Development Block Grant/State's program and Non-Entitlement Grants to Hawaii

08-06 Controls over Subrecipient Monitoring Should Be Strengthened

One instance, or 4 percent, in which the "Compliance Review" form, which documents supervisory review and approval of the monitoring visit and forms prepared by MDA monitors, for the second monitoring visit was not in the contract file. However, a monitoring letter had been sent to the subrecipient including the monitoring report.

Response: The City of Water Valley project file was reviewed by the assigned MDA staff and was complete at the time the file was transmitted for the State Auditor's review. As noted in the finding, a monitoring letter dated January 18, 2007 indicated the monitoring file had the completed compliance review and no findings or concerns were noted.

Corrective

Action Plan: A new system has been initiated to provide stronger assurance of file content during file transfers.

Seven instances or 28 percent in which several pertinent questions on the monitoring checklist were not answered. Even though these questions were not answered on the checklist, the supervisor responsible for reviewing the checklist signed off on the "Compliance Review" form indicating review and approval.

Response: These instances occurred due to a need to strengthen elements of monitoring procedures.

Corrective

Action Plan: The Close-out Package Checklist has been revised for the MDA staff to indicate the project file has been reviewed for completeness. The Bureau Manager has begun a process in which notes are made directly on the Compliance Review Forms that are incomplete or "in question", and then returned to the assigned MDA staff for completion prior to manager approval.

One instance, or 4 percent, in which the "Compliance Review" form was not signed/initialed by appropriate personnel. However, a monitoring letter had been sent to the subrecipient including the monitoring report.

Response: The first monitoring compliance review form missing the signature of the Bureau Manager was an oversight. However, there is a monitoring letter signed by the Bureau Manager and mailed to the subrecipient that indicates no monitoring findings or concerns. Also, a second monitoring was performed and the Compliance Review Form was completed and has all the required signatures.

Corrective

Action Plan: The Close-out Package Checklist has been revised for the MDA staff to indicate that the project file has been reviewed for completeness.

The *Code of Federal Regulations* (24 CFR 570.603) requires the CDBG program to comply with labor standards in accordance with the Davis Bacon Act. For two instances, it was noted the "Labor Standards Monitoring" checklist, was not completed.

Response: Missing signatures of the responsible MDA staff on the Labor Standards Monitoring Checklist was an oversight by the Compliance Officer and Bureau Manager.

Corrective

Action Plan: The Compliance Review Forms have been revised to include the MDA staff signature as an overall responsibility of the monitoring which has been performed.

Oth-03

Controls Over Cash Management Should Be Strengthened

C DFA Community Development Block Grants/State's program and Non-Entitlement
14.228 Grants to Hawaii

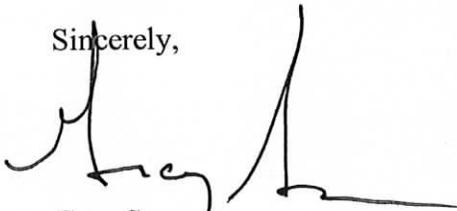
Response: MDA concurs Federal funds were received after the average day of clearance
specified in the Treasury-State Agreement.

Corrective
Action:

During this time the Grants and Reporting Area was under staffed due to retirement and relocation of staff members. The Grant and Reporting Area are currently fully staffed and measures are in place to prevent delays in the future and to strengthen controls to ensuring federal funds are drawn properly and in compliance with the Treasury-State Agreement.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact John P. Holman at (601) 359-9276.

Sincerely,



Gray Swoope
Executive Director

GS/pj