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MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES
(A Department of the State of Mississippi)

**Independent Auditors' Reports
on Program-Specific Audits Under
OMB Circular A-133**

Year Ended June 30, 2009

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

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June 30, 2009**

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Social Security Insurance – Disability
CFDA # 96.001



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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

We have audited the accompanying schedule of federal grant expenditures for the Social Security Insurance – Disability program of the Mississippi Department of Rehabilitation Services ("the Department") for the year ended June 30, 2009. This financial statement is the responsibility of the Department's management. Our responsibility is to express an opinion on the financial schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of federal grant activity referred to above present fairly, in all material respects, the expenditures of federal awards under the Social Security Insurance – Disability program of the Mississippi Department of Rehabilitation Services in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carr, Riggs & Ingram, LLC

Ridgeland, Mississippi
January 28, 2010

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

Schedule of Federal Grant Activity
Year Ended June 30, 2009

<u>Federal Grantor / Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Social Security Administration / Rehabilitation Services: Social Security - Disability Insurance (DI)	96.001	
Fund 3340		\$ 26,650,968
Total Program Expenditures		\$ 26,650,968

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

**Notes to the Schedule of Federal Grant Activity
for Year Ended June 30, 2009**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule only includes the expenditures of the Social Security Insurance – Disability program administered by the Mississippi Department of Rehabilitation Services. The federal program included in the accompanying schedule is accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related liabilities are incurred. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT OPTION UNDER
OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

Compliance

We have audited the compliance of the Mississippi Department of Rehabilitation Services (the "Department") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Social Security Insurance – Disability program ("the Program") for the year ended June 30, 2009. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to the Program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal program. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and

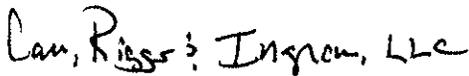
material effect on the Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Ridgeland, Mississippi
January 28, 2010

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

Schedule of Findings and Questioned Costs

For the year ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Type of auditors' report issued on compliance
for programs audited: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133 (section .510 (a))? No

Identification of program(s) audited:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
96.001	Social Security Insurance – Disability

Section II – Federal Award Findings and Questioned Costs

There were no current year Federal award findings or questioned costs.

Section III – Prior Year Findings and Questioned Costs

The Program was not audited in the previous year.

**Rehabilitation Services – Vocational Rehabilitation
Grants to States
CFDA # 84.126**

**Rehabilitation Services – Vocational Rehabilitation
Grants to States, Recovery Act
CFDA # 84.390**



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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

We have audited the accompanying schedule of federal grant expenditures for the Vocational Rehabilitation Cluster which includes Rehabilitation Services – Vocational Rehabilitation Grants to States and Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act programs of the Mississippi Department of Rehabilitation Services ("the Department") for the year ended June 30, 2009. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on the financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedules of federal grant activity referred to above present fairly, in all material respects, the expenditures of federal awards under the Rehabilitation Services – Vocational Rehabilitation Grants to States and the Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act programs of the Mississippi Department of Rehabilitation Services in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carr Riggs & Ingram, LLC

Ridgeland, Mississippi
January 28, 2010

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

**Schedule of Federal Grant Activity
Year Ended June 30, 2009**

<u>Federal Grantor / Cluster Title / Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education / Rehabilitation Services:		
Vocational Rehabilitation Cluster:		
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	
Fund 3235		\$ 5,936,556
Fund 3330		33,726,825
Total Program Expenditures for CFDA 84.126		39,663,381
ARRA - Rehabilitation Services Vocational Rehabilitation Grants to States, Recovery Act	84.390	
Fund 3235		55,905.00
Fund 3330		73,586.00
Total Program Expenditures for CFDA 84.390		129,491
Total Program Expenditures for the Vocational Rehabilitation Cluster		\$ 39,792,872

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

**Notes to the Schedule of Federal Grant Activity
for Year Ended June 30, 2009**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules only include the expenditures of the Rehabilitation Services – Vocational Rehabilitation Grants to States and the Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act programs administered by the Mississippi Department of Rehabilitation Services. The federal programs included in the accompanying schedules are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related liabilities are incurred. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT OPTION UNDER
OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

Compliance

We have audited the compliance of the Mississippi Department of Rehabilitation Services (the "Department") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Rehabilitation Services – Vocational Rehabilitation Grants to States and the Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act programs ("the Programs") for the year ended June 30, 2009. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Programs occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to the Programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and

material effect on the Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Com, Riggs & Insley, LLC

Ridgeland, Mississippi
January 28, 2010

Mississippi Department of Rehabilitation Services (A Department of the State of Mississippi)

Schedule of Findings and Questioned Costs

For the year ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Type of auditors' report issued on compliance for programs audited:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510 (a))?	No

Identification of program(s) audited:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.390	Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act

Section II – Federal Award Findings and Questioned Costs

There were no current year Federal award findings or questioned costs.

Section III – Prior Year Findings and Questioned Costs

The Program was not audited in the previous year.

Social Services Block Grant
CFDA # 93.667



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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

We have audited the accompanying schedule of federal grant expenditures for the Social Services Block Grant program of the Mississippi Department of Rehabilitation Services ("the Department") for the year ended June 30, 2009. These funds were passed through from the Mississippi Department of Human Services. This financial statement is the responsibility of the Department's management. Our responsibility is to express an opinion on the financial schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of federal grant activity referred to above present fairly, in all material respects, the expenditures of federal awards under the Social Services Block Grant program of the Mississippi Department of Rehabilitation Services in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carr Riggs & Ingram, LLC

Ridgeland, Mississippi
January 28, 2010

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

**Schedule of Federal Grant Activity
Year Ended June 30, 2009**

<u>Federal Grantor / Pass Through Grantor / Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health & Human Services:		
Mississippi Department of Human Services		
Social Services Block Grants to States (Katrina)		
	93.667	
Fund 3240		\$ 45,070
Fund 3235		55,600
Fund 3330		2,045,189
<hr/>		
Total Program Expenditures		\$ 2,145,859

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

**Notes to the Schedule of Federal Grant Activity
for Year Ended June 30, 2009**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule only includes the expenditures of the Social Services Block Grant program administered by the Mississippi Department of Rehabilitation Services. The federal program included in the accompanying schedule is accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are generally recognized when the related liabilities are incurred. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT OPTION UNDER
OMB CIRCULAR A-133**

Mississippi Department of Rehabilitation Services
Madison, Mississippi

Compliance

We have audited the compliance of the Mississippi Department of Rehabilitation Services (the "Department") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Social Services Block Grant program ("the Program") for the year ended June 30, 2009. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to the Program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal program. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and

material effect on the Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cam, Riggs & Ingram, LLC

Ridgeland, Mississippi
January 28, 2010

**Mississippi Department of Rehabilitation Services
(A Department of the State of Mississippi)**

Schedule of Findings and Questioned Costs

For the year ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiency(ies) identified
not considered to be material weakness(es)? No

Type of auditors' report issued on compliance
for programs audited: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133 (section .510 (a))? No

Identification of program(s) audited:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster Number</i>
93.667	Social Services Block Grant

Section II – Federal Award Findings and Questioned Costs

There were no current year Federal award findings or questioned costs.

Section III – Prior Year Findings and Questioned Costs

The Program was not audited in the previous year.