



STATE OF MISSISSIPPI  
Phil Bryant, Governor  
DEPARTMENT OF HUMAN SERVICES  
Richard A. Berry  
Executive Director

SINGLE AUDIT FINDINGS

March 26, 2013

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

Dear Mr. Pickering:

The following are our responses and corrective action plans to the Single Audit Management Report as outlined in the Mississippi Department of Human Services' audit performed for Fiscal Year 2012:

SINGLE AUDIT FINDINGS:

**EARMARKING – TARGETED FUNDS**

*Significant Deficiency*  
*Immaterial Noncompliance*

93.575 Child Care and Development Block Grant  
93.713 ARRA – Child Care and Development Block Grant

Federal Award Number and Year: G0901MSCCDF 2009  
G0901MSCCD7 2009

Questioned Costs: \$1,334,559

12-03 Controls over Minimum Targeted Funds Should Be Strengthened

Response:

The Mississippi Department of Human Services agrees that controls over minimum targeted funds should be strengthened to insure that the Child Care Development Block Grant's earmarking requirements are met.

Relative to the current audit finding, we respectfully submit that: All earmark funding was expended, but was not coded to the right reporting category for the correct funding source in the subgrant contract. While some earmark funds were returned from the subgrantee unspent, these funds were used by the State Office of the Division of Early Childhood Care and Development (DECCD) to expend the entire earmark allotment.

Corrective Action Plan:

DECCD is going to:

- A. code earmarks appropriately as soon as permission is granted by the Administration for Children and Families for the 2009 instance cited in the current audit finding,
- B. ensure that all earmarks are coded correctly on subgrants in the future,
- C. as of March 1, 2013, allocate an additional 1 percentage point to the required earmark percentage to help ensure that the minimum required earmark funds are expended, and
- D. set an earlier ending date of August 15<sup>th</sup> for subgrants instead of September 30<sup>th</sup> of each year to allow for sufficient time to correct subgrant earmarks that may not be fully expended.

**REPORTING**

***Material Weakness***

***Material Noncompliance***

93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:	G1102MSTANF 2011
	G1202MSTANF 2012
	G1101MSCCDF 2011
	G1201MSCCDF 2012

12-04 Controls over the Timely Identification of New Federal Reporting Requirements Should Be Strengthened

Response:

The Mississippi Department of Human Services agrees controls over the timely identification of new federal reporting requirements should be strengthened and affected agency management should be notified of requirements.

Relative to the current findings, we respectively submit that while the non-compliance was not limited to the two (2) major programs cited, there was at least reporting by other MDHS divisions for some of the time. All division personnel who were responsible for the reporting were given timely guidance following the prior year's audit; however we did not maintain the requisite discipline and monitoring to ensure that the reporting was maintained.

Corrective Action Plan:

The agency will provide periodic notices to programmatic management reminding them to be certain to be cognizant of and compliant with reporting requirements of grants under their management. This notice will become a part of the monthly Budget Status Reports provided to division management, effective immediately. As has been our practice, Federal Financial Reporting will be the responsibility of the agency's Budgets unit. Further, as has been our practice, programmatic reporting, which includes transparency reporting, will be the responsibility of programmatic personnel.

**SUBRECIPIENT MONITORING**

***Material Weakness***

- 93.558 Temporary Assistance for Needy Families (TANF) State Programs
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.713 ARRA – Child Care and Development Block Grant

Federal Award Number and Year:	G1002MSTANF 2010
	G1102MSTANF 2011
	G1001MSCCDF 2010
	G1101MSCCDF 2011
	G0901MSCCD7 2009

12-05 Controls over On-Site Monitoring Should Be Strengthened

Response:

The Agency concurs with the findings and controls have been strengthened over subrecipient monitoring.

As of the date of the Office of State Auditor's (OSA) review of the monitoring files for FY 2012, the Office of Monitoring had experienced the loss of several key staff members who were well trained and experienced monitors. This loss resulted in the number of staff performing sub-recipient monitoring of the Planning and Development District's (PDD) subgrants being reduced from 3 positions to 1 position with no supervisor. In addition to hiring and training a new team supervisor, training for the PDD team is more extensive and more detailed than the training for the other Office of Monitoring teams due to the number of subgrants associated with each PDD as well as the numerous varieties of programs administered by the PDD's. Due to the combination of the loss of staff along with "catching up" from delays in the previous year, 6 PDD subgrants were monitored subsequent to the contract period and the monitoring of 2 PDD subgrants had yet to begin.

The Division of Program Integrity's Director, Laura Griffin, and the Director of Office of Monitoring, J. Win Girod, met with each PDD Director and their accounting staff before issuing any Initial Monitoring Reports to the PDD's. These meetings were very beneficial to the PDD Directors in understanding why and what costs were being questioned, however taking time to hold these meetings caused the aforementioned PDD monitoring reports to be delayed.

Corrective Action Plan:

Since the date of OSA's review of the monitoring files for FY 2012, the PDD team is now fully staffed with 2 monitors and an experienced team supervisor. Also, the PDD's are no longer administering Child Care subgrants (which accounted for a total of 30-40 subgrants). This will improve the timeliness of the PDD monitoring reviews.

Additionally, the Director of Office of Monitoring is revising the Standard Operating Procedures to ensure adequate time frames for issuing initial reports, allowing for responses and issuing status and/or clearance reports. The inclusion of 5 new monitors, a new training manual and an emphasis placed on timeliness for reports and responses, should allow the Office of Monitoring to issue all reports and responses timely.

The anticipated completion date for the corrective actions is March 31, 2013.

**ELIGIBILITY**

*Immaterial Noncompliance*

93.558 Temporary Assistance for Needy Families (TANF) State Programs  
 93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs

Federal Award Number and Year: G1002MSTANF 2010  
 G1102MSTANF 2011  
 G1202MSTANF 2012  
 G1001MSTAN2 2010

Questioned Costs: \$180

12-06 Agency Should Ensure Compliance with Transitional Work Transportation Benefit Requirements

Response:

To maintain compliance with Transitional Work Transportation benefit requirements, the Mississippi Department of Human Services agrees that there is a need to strengthen control procedures to ensure benefits are paid in accordance with hourly requirements as set forth in the Volume III, TANF Policy Manual.

Corrective Action Plan:

Three transitional work stipend amounts are available: \$180, \$240, or \$300 per month. The monthly amount is determined on a case-by-case basis based on the total average weekly work hours the individual is scheduled to work. The following chart shows the weekly work hours, the payment ranges, and the maximum monthly stipend allowances:

Weekly Scheduled Participation Hours	Total Scheduled Hours Range	Monthly Transitional Work Stipend Allowance
32 to 40 hours	1	\$300
26 to 31 hours	2	\$240
20 to 25 hours	3	\$180

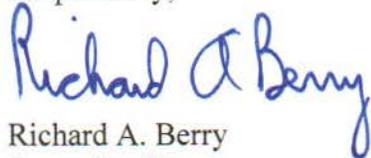
Provided the weekly scheduled work hours are entered correctly, there are JAWS system edits in place to prevent the incorrect work stipend payment range from being selected when the transportation record is added. A second edit prevents authorization of monthly stipend payment(s) in excess of the maximum monthly allowance.

In situations where an overpayment is identified, a claim will be established.

To ensure accurate processing of all cases, we will review policy with all staff prior to June 1, 2013.

We appreciate the courtesy and professionalism demonstrated by Yolanda Campbell and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Earl D. Walker of the Division of Budgets and Accounting at 601-359-4665.

Respectfully,



Richard A. Berry  
Executive Director  
RAB: EDW: pt

Pc: Mark Smith  
John Davis  
William Simpson  
Earl D. Walker



STATE OF MISSISSIPPI  
Phil Bryant, Governor  
DEPARTMENT OF HUMAN SERVICES  
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SINGLE AUDIT FINDINGS  
And  
OTHER AUDIT FINDINGS

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*Material Noncompliance*

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Should Be Strengthened

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**SUBRECIPIENT MONITORING**

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The anticipated completion date for the corrective actions is March 31, 2013.

**ELIGIBILITY**

*Immaterial Noncompliance*

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 G1102MSTANF 2011  
 G1202MSTANF 2012  
 G1001MSTAN2 2010

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Response:

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Corrective Action Plan:

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32 to 40 hours	1	\$300
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Provided the weekly scheduled work hours are entered correctly, there are JAWS system edits in place to prevent the incorrect work stipend payment range from being selected when the transportation record is added. A second edit prevents authorization of monthly stipend payment(s) in excess of the maximum monthly allowance.

In situations where an overpayment is identified, a claim will be established.

To ensure accurate processing of all cases, we will review policy with all staff prior to June 1, 2013.

OTHER AUDIT FINDINGS:

**ALLOWABLE COSTS/COST PRINCIPLES**

*Control Deficiency*

- 10.551 Supplemental Nutrition Assistance Program (SNAP)
- 10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program
- 93.558 Temporary Assistance for Needy Families (TANF) State Programs
- 93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.713 ARRA – Child Care and Development Block Grant

Federal Award Number and Year:

SNAP Letter of Credit		G0901MSCCDF	2009
G1002MSTANF	2010	G1001MSCCDF	2010
G1102MSTANF	2011	G1101MSCDDF	2011
G1202MSTANF	2012	G1201MSCCDF	2012
G1001MSTAN2	2010	G0901MSCCD7	2009

- Oth-06 A Review Should be Performed of Employee Approval Levels in the Statewide Automated Accounting System (SAAS)

Response:

The Mississippi Department of Human Services agrees that employee approval levels in the Statewide Automated Accounting System (SAAS) should be properly segregated. However, in our situation we cannot operate most

effectively if in every case security levels are set so there is no one individual assigned both input capability and all levels of agency approval. We cannot afford to staff the division with a sufficient number of employees to have absolute separation of duties relative to SAAS access security levels.

**Corrective Action Plan:**

The agency will continue to review and monitor employee approval levels in SAAS and set approval levels for all budgets and accounting users as a group to provide the highest level of security access that will allow us to perform our jobs in an effective manner. Except for supervisory employees, we have eliminated the instances where an employee's SAAS access allows them to prepare a transaction and provide all levels of approval. Our budgets and accounting policies and procedures require supervisory review of subordinates' work. Our employees understand that under normal operating situations, they should follow stated policies and procedures.

Relative to the fourteen (14) instances stated in the current audit findings as of June 30, 2012, four (4) of the named individuals have had their security levels changed so they no longer have both input capability and all agency levels of approval.

**ALLOWABLE COSTS/COSTS PRINCIPLES**

***Control Deficiency***

- 10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program
- 93.042 Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals
- 93.044 Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
- 93.556 Promoting Safe and Stable Families
- 93.558 Temporary Assistance for Needy Families (TANF) State Programs
- 93.563 Child Support Enforcement
- 93.568 Low-Income Home Energy Assistance
- 93.569 Community Services Block Grant
- 93.575 Child Care and Development Block Grant
- 93.645 Stephanie Tubbs Jones Child Welfare Services Program
- 93.658 Foster Care – Title IV-E
- 93.659 Adoption Assistance
- 93.667 Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit		G11B1MSCOSR	2011
11AAMST7SP	2011	G12B1MSCOSR	2012
12AAMST7SP	2012	G1101MSCCDF	2011
11AAMST3SP	2011	G1201MSCCDF	2012
12AAMST3SP	2012	G1101MS1400	2011
G1101MSFPSS	2011	G1201MS1400	2011
G1102MSTANF	2011	G1101MS1401	2011
G1202MSTANF	2012	G1201MS1401	2012
G1104MS4004	2011	G1101MS1407	2011
G1204MS4005	2012	G1201MS1407	2012
G11B1MSLIEA	2011	G1101MSSOSR	2011
		G1201MSSOSR	2012

Oth-07 Controls over the Cost Allocation Process Should Be Strengthened

Response:

The Mississippi Department of Human Services agrees that controls over the Cost Allocation Process should be strengthened.

Corrective Action Plan:

The agency will implement procedures whereby the Bureau Director II in charge of managing the cost allocation function will provide written notice to the Director of the Division of Budgets and Accounting whenever there is a need for deviation from provisions of the approved Cost Allocation Plan for any reason. This notice will take place in the Weekly Status Report, which is currently provided by the Bureau Director II to the Division Director to communicate significant events or activities which impact the Bureau Director II's area of responsibility and which might impact the Division of Budgets and Accounting and the agency. This notice will prompt the Division Director to consult with the Bureau Director II and the Branch Director of Cost Allocation, who maintains the cost allocation module, for the purpose of deciding whether an amendment is needed to the Cost Allocation Plan.

**ELIGIBILITY EARMARKING**

*Control Deficiency*  
*Immaterial Noncompliance*

93.558 Temporary Assistance for Needy Families (TANF) State Programs

93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs

Federal Award Number and Year: G1002MSTANF 2010  
G1102MSTANF 2011  
G1202MSTANF 2012  
G1001MSTAN2 2010

Questioned Costs: \$4,948

Oth-08 Controls over 20 Percent Exemption and Five Year Time Limit Should Be Strengthened

Response:

The Mississippi Department of Human Services agrees that control procedures should be strengthened to include a documented review of the monthly “Statewide TANF 20 Percent Exemption Summary Report” and “TANF High Counter Report”. The agency also agrees that the central office should implement procedures to confirm that county/regional personnel have performed the required reviews of their respective reports and taken appropriate action to either terminate benefits or grant permissible extensions for cases exhausting the five year limit for benefits.

Corrective Action Plan:

Relative to the current audit findings for fiscal year ended June 30, 2012, where there have been documented overpayments, claims will be processed where possible to recover the funds paid in error.

Current agency policy exists regarding the monitoring of TANF cases nearing the 60 month time limit. Form MDHS-EA-313, High Counter Action Plan, is to be used to identify a plan of action for moving TANF households toward self-sufficiency. MDHS will ensure that field staff are aware of the audit findings and issue a reminder bulletin regarding the high counter action policy ensuring procedures are followed in each case. This will be completed no later than June 1, 2013.

## **REPORTING**

### ***Control Deficiency***

93.558 Temporary Assistance for Needy Families (TANF) State Programs

93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs

Federal Award Number and Year: G1002MSTANF 2010  
G1102MSTANF 2011  
G1202MSTANF 2012  
G1001MSTAN2 2010

Oth-09 Data Collection of Required Federal Reporting Elements Should Be Reviewed

Response:

The Mississippi Department of Human Services (MDHS) agrees that it should update the computer program utilized in extracting data for the “TANF Data Report” to accurately capture key line item 17 information regarding whether a Temporary Assistance for Needy Families case is receiving subsidized child care. Further, MDHS agrees that it should strengthen control procedures to include a documented review of the quarterly “TANF Data Report” prior to submission.

Corrective Action Plan:

A request to the agency’s Management Information Services division will be sent in order to start collecting the correct data for Line 17 for the TANF Data Report. This project will be in place no later than June 1, 2013.

## **SPECIAL TESTS AND PROVISIONS**

### ***Control Deficiency Immaterial Noncompliance***

93.558 Temporary Assistance for Needy Families (TANF) State Programs  
93.714 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs

Federal Award Number and Year: G1002MSTANF 2010  
G1102MSTANF 2011  
G1202MSTANF 2012  
G1001MSTAN2 2010

Questioned Costs: \$3,458

Oth-10 Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program

Response:

The Mississippi Department of Human Services agrees the controls should be strengthened over termination of benefits for non-participation of work-eligible adults in the work activities program.

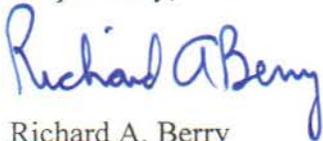
Corrective Action Plan:

Currently there is no agency policy in place for the review of TANF cases nearing the 24 month time limit. MDHS is aware of this issue and will implement policy to ensure use of the TANF High Counter Report in reviewing such cases. This policy will be in place no later than June 1, 2013.

Relative to the current audit findings for fiscal year ended June 30, 2012, where there have been documented overpayments, claims will be processed where possible to recover the funds paid in error.

We appreciate the courtesy and professionalism demonstrated by Yolanda Campbell and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Earl D. Walker of the Division of Budgets and Accounting at 601-359-4665.

Respectfully,



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