**Mark C. McConnell**
Deputy Executive Director/
Chief Engineer

**Charles R. Carr**
Director
Office of Intermodal Planning

**MDOT**

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

**Lisa M. Hancock**
Deputy Executive Director/
Administration

**Willie Huff**
Director
Office of Enforcement

**Melinda L. McGrath**
Executive Director

## OTHER AUDIT FINDING

March 26, 2014

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

Dear Mr. Pickering:

We appreciate the professionalism and courtesy shown to our staff by your staff during the audit. We received the Signal Audit Management Report and the following details our response to the Audit Finding:

**CFDA/Finding**

| **Number** | **Finding and Recommendation** |
| --- | --- |
| | **REPORTING** |
| | *Control Deficiency* |
| 20.205 | Highway Planning and Construction |
| | Federal Award Number and Year: 280250040LUIE1 (2013); 280037100LY1030 (2013) |
| Oth-11 | Controls Should Be Strengthened over Federal Funding Accountability and Transparency Act Reporting |

*Finding:*

The *Code of Federal Regulations* (2 CFR part 170) sets forth the reporting requirements of subawards under the Federal Funding Accountability and Transparency Act (FFATA). Direct recipients of grants with an effective date on or after October 1, 2010, who make first-tier subawards equal to or exceeding $25,000 on or after the effective date, are required to report each subaward obligating action equal to $25,000 or more in federal funds. Direct recipients are required to use the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) to report qualifying subaward transactions by the end of the month following

the month in which the subaward or obligation of $25,000 or greater was made. During test work on FFATA reporting at the Mississippi Department of Transportation, we selected 21 projects to test. We noted two instances in which the amount of subaward was incorrectly reported per FSRS. In one instance, the amount reported for the subaward was overstated by $450,000 and in the other instance, the amount reported for the subaward was understated by $1,000,000. Good internal controls require that key data elements reported be reviewed to ensure accuracy. The failure to adequately review subaward information reported could result in errors occurring and not being promptly detected.

**Response:**

FSRS auto populates the award amount on the Prime Award Details Page but requires a manual input of the award amount on the Subawardee Data Page. The two projects above were incorrect due to typographical errors of the award amount and have been corrected in FSRS to reflect the correct dollar amount.

**Corrective Action Plan:**

A.  While we had many controls in place, such as having multiple members of our staff review the data before being entered in FSRS, we did not have a formal procedure in place to review the finalized data once entered into FSRS before being submitted. Programming has now implemented a formal procedure which will prevent typographical errors from occurring in the future. The formal procedure is as follows: Once the data has been entered into FSRS, Programming will create a PDF file of each report to be submitted. Programming will review the PDF file(s) for any errors before submitting the report(s) into FSRS. Once the PDF file has been reviewed, Programming will submit the report(s) into FSRS.

B. The Programming Division Director, Mack Dowell, and his staff are responsible for this corrective action plan.

C. This corrective action plan was implemented on March 1, 2014.

Again, we appreciate the professionalism displayed by your staff and should you have any questions or need additional information, contact our Programming Division at (601)359-9805.

Sincerely,

Melinda L. McGrath, PE
Executive Director

MLM:msd

Cc:    Mark McConnell, Deputy Executive Director/Chief Engineer
Lisa Hancock, Deputy Executive Director/Administration
Mack Dowell, Programming Director