

# State of Mississippi

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

for the Fiscal Year Ended June 30, 2014

MISSISSIPPI



**Stacey E. Pickering**

State Auditor

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON**  
**INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF**  
**FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated February 12, 2015. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

■ Government-wide Financial Statements

● Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Department of Marine Resources, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 8% and 42%, respectively, of the assets and revenues of the governmental activities;

● Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans'

Home Purchase Board and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 94%, respectively, of the assets and revenues of the business-type activities;

- Component Units

- the Universities and the nonmajor component units.

- Fund Financial Statements

- Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the Mississippi Authority for Educational Television and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Department of Marine Resources, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 23% and 39%, respectively, of the assets and revenues of the General Fund;

- Proprietary Funds

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;

- Aggregate Remaining Funds

- the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
  - nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
  - the Pension Trust Funds;
  - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 99% and 99%, respectively, of the assets and revenues of the Aggregate Remaining Funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the

other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these funds or entities.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we and other auditors considered the State of Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control.

Our and the other auditors' consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as item 2014-003 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as item 2014-002 to be a significant deficiency.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions of the State of Mississippi in separate communications.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Mississippi's financial statements are free from material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2014-001 and 2014-004.

We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

**Management's Response to Finding**

Management's responses to the findings identified in our audit are described in the accompanying "Management's Response and Corrective Action Plan" section. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



**WILLIAM R. DOSS, CPA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
February 12, 2015

**Schedule of Findings and Questioned Costs:  
Part 1  
Summary of Auditor's Results**



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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**PART 1 – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?                    X yes            \_\_\_ no
  
- Significant deficiencies identified?                X yes            \_\_\_ none reported

Noncompliance material to financial  
statements noted?

X yes \_\_\_ no

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**Schedule of Findings and Questioned Costs:  
Part 2  
Financial Statement Findings**



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**Finding Number**      **Finding and Recommendation**

**CORRECTIONS**

***Material Noncompliance***

2014-001

**Agency Should Ensure Compliance with Provisions of Laws, Regulations and Contracts**

*Finding:*

The former Commissioner of the Mississippi Department of Corrections resigned after a 49 count indictment was returned by a federal grand jury. The indictment alleged the Commissioner was the recipient of bribes and kickbacks in exchange for favorable treatment in the awarding of agency contracts. The alleged actions of the Commissioner indicates that potential noncompliance with laws, regulations and abuse may have occurred through the misuse of an official's position for personal gain. An investigation is ongoing, and the potential cause will be determined at its conclusion.

Management of the Mississippi Department of Corrections is responsible for compliance with provisions of laws, regulations, contracts and grant agreements and preventing abuse.

*Recommendation:*

We recommend that the management of the Mississippi Department of Corrections comply with the directive issued by the Governor which required a review of contracts included in the indictment and also required that contracts be rebid, where appropriate. We also recommend management reevaluate the agency's controls surrounding the procurement process to deter future potential issues.

**NOTE:** See Management's Response and Corrective Action Plan on page 13.

**Finding Number**      **Finding and Recommendation**

**HEALTH**

***Significant Deficiency***

2014-002

**Controls Should Be Strengthened over the Preparation and Review of the GAAP Reporting Package and the Schedule of Expenditures of Federal Activity**

***Finding:***

The Mississippi State Department of Health is required to prepare a GAAP Reporting Package for Fund 3301 each state fiscal year. This package includes the Schedule of Expenditures of Federal Activity (Form 27.30.60). We noted the following weaknesses and errors related to the GAAP Reporting Package and Schedule of Expenditures of Federal Activity for fiscal year 2014.

- Fiscal year 2014's Immunization Direct Assistance in Lieu of Cash was incorrectly calculated and reported using the federal fiscal year immunization vaccine report resulting in a net understatement of \$28,603,947. An audit adjustment was proposed and made by agency management to properly state this amount.
- Reports used in compiling the Schedule of Expenditures of Federal Activity were not accurate or complete. We noted transactions were duplicated for September 19, 2013, and the timeframe from December 16, 2013, thru December 31, 2013, and also transactions from January 1, 2014, until January 14, 2014, were excluded from the reports. This resulted in a net overstatement of federal expenditures totaling \$7,093,854. An audit adjustment was proposed and made by agency management to properly state federal expenditures for this amount.
- Transactions on the Received Date Blank and Industry Code Not Blank report used to compile accrual expenditures were incorrectly identified as accrual or no accrual transactions. Some of the transactions identified as accruals on this report were already included as accruals on the E645G report. It was also noted that some transactions on the Received Date report were noted as accruals and should not have been accrued. This resulted in a net overstatement of accrual expenditures in the amount of \$3,073,740. An audit adjustment was proposed and made by agency management to properly state federal expenditures for this amount.
- The GAAP Reporting Package and the Schedule of Expenditures of Federal Activity were not reviewed and signed by authorized agency personnel.
- Twelve instances were noted in which total cumulative federal expenditures for a program exceeded the grant award authorization total.
- Nine instances were noted in which reporting category codes for non-federal grant funds were included in the Schedule of Expenditures of Federal Activity resulting in a net overstatement of expenditures totaling \$4,095,134. An audit adjustment was proposed and made by agency management to remove these programs from the schedule.
- Eight instances were noted in which the Catalog for Federal Domestic

Assistance (CFDA) numbers reported on the Schedule of Expenditures of Federal Activity were incorrect based on an examination of supporting documentation.

- Three instances were noted in which reporting category codes 064D, 062B, and 062C's Beginning Due From (To) Granting Agency balance did not agree to the ending balance in the prior year's Schedule of Expenditures of Federal Activity. When preparing the schedule, it appears that agency personnel had made an error in recording the reporting categories on the proper line. Because the reporting categories were all within the same program, the net effect was zero.
- Two instances were noted in which current year expenditures for reporting category codes 031C and 127D per the Schedule of Expenditures of Federal Activity did not agree to Fund 3301's total expense summary report. Because these amounts were immaterial, no adjustment was considered necessary.
- One instance was noted in which a new program's (CFDA 93.548) grant award amount included on the schedule did not agree to the grant award notice. This error also results in the grant award being overexpended on the Schedule of Expenditures of Federal Activity.

Good internal controls require a review and approval process to be in place over the GAAP Reporting Package to ensure that the information contained in the GAAP Reporting Package and supporting Schedule of Expenditures of Federal Activity is accurate, complete, properly classified and properly valued. Failure to properly review and approve the GAAP Reporting Package and supporting schedules may result in the improper recording of GAAP adjustments, ultimately affecting the financial position of Mississippi State Department of Health as reflected in the State's Comprehensive Annual Financial Report.

*Recommendation:*

We recommend the Mississippi State Department of Health strengthen controls over the preparation and review of the GAAP Reporting Package, including the Schedule of Expenditures of Federal Activity, to include a supervisory review and approval of all information prior to submission to Department of Finance and Administration to ensure accuracy, completeness, proper classification and valuation of reported information.

**NOTE:** See Management's Response and Corrective Action Plan on page 15.

**Finding Number**

**Finding and Recommendation**

**MISSISSIPPI DEVELOPMENT AUTHORITY**

***Material Weakness***

2014-003

**Controls over GAAP Reporting Packages Should Be Strengthened**

***Finding:***

During our review of the GAAP reporting packet for fund 34AE, the Mississippi Industry Incentive Fund, at the Mississippi Development Authority, we noted the following problems for which audit adjustments were proposed and subsequently made by agency personnel.

- An allowance for uncollectible loans receivable was not determined by the agency. This omission resulted in an overstatement of loans receivable in the amount of \$49,879,636.
- The current portion of the loans receivable account balance was overstated by \$2,890,746 and the noncurrent portion of the loans receivable account balance was understated by this same amount due to a classification error.
- The current portion of the loans receivable account balance was overstated by \$1,714,453 due to a receipt in transit being coded to the incorrect accounting fiscal year.

In addition, we noted the agency had other funds with loans receivable for which an allowance for uncollectible amounts had not been determined. After this was brought to management's attention, agency personnel determined that an additional adjustment was needed. The Department of Finance and Administration made a compilation adjustment in the amount of \$9,060,364 to record the allowance for uncollectible loans receivable for these other funds.

Generally accepted accounting principles require that an allowance for loan receivables be determined and recorded, and that loan balances be properly classified. In addition, Section 27.30.30 of the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual provides instructions for recording of loans receivable and the determination of the related allowance for uncollectible loan receivables. The failure to adequately follow generally accepted accounting principles could result in the financial statements being misstated.

***Recommendation***

We recommend the Mississippi Development Authority strengthen internal controls to ensure loans receivable recorded in GAAP reporting packets are fairly stated. All loans receivable should be reviewed and allowances for uncollectible loans receivable should be properly determined and recorded in the agency's GAAP reporting package.

**NOTE:** See Management's Response and Corrective Action Plan on page 17.

**Finding Number**      **Finding and Recommendation**

**TREASURY**

*Material Noncompliance*

2014-004

**Investment Ratios Should Be Maintained in Accordance with State Law**

*Finding:*

Section 27-105-33, Miss. Code Ann. (1972), establishes guidelines for use in the maintenance of the State's investment pool portfolio. The law also states that at no time shall funds invested in United States Government agency, United States Government instrumentality, or United States Government sponsored enterprise obligations exceed 50 percent of all monies invested with maturities 30 days or longer. Testwork at the Office of the State Treasurer revealed the total of United States Government agency, instrumentality, and government sponsored enterprise obligations exceeded 50 percent of total investments for 12 of the 12 dates selected for testwork (one per month). The actual investment percentages for dates tested ranged from approximately 77 to 84 percent, resulting in investments in U.S. Government agency, instrumentality, and government sponsored enterprise obligations of approximately \$697 million to approximately \$938 million in excess of statutory limits. Failure to maintain investment ratios in the State's investment pool portfolio within the required percentages resulted in violation of state law.

*Recommendation:*

We recommend the Office of the State Treasurer ensure the State's investment pool be maintained in accordance with Section 27-105-33 d. (iii), Miss. Code Ann. (1972). Agency personnel should periodically review the investment pool portfolio for compliance with state law and adjust the portfolio if required. This review should be documented as evidenced by the signature and date of the reviewer.

**NOTE:** See agency response on page 19 and auditor's note on page 21.

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**Schedule of Findings and Questioned Costs:  
Part 3  
Management Responses**



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**STATE OF MISSISSIPPI**

DEPARTMENT OF CORRECTIONS

**MARSHALL FISHER**  
COMMISSIONER

March 4, 2015

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Corrections 2014 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:            Agency Should Ensure Compliance with Provisions of Laws, Regulations  
2014-001                    and Contracts

Response:                 The agency concurs with this finding.

Corrective Action:        The Mississippi Department of Corrections is in the process of rebidding all contracts mentioned in the Governor's directive. The agency will engage a CPA firm to assist in developing an internal control plan for the agency, which will include processes and procedures related to all procurements.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Rick McCarty at (601) 359-5682.

Sincerely,

A handwritten signature in cursive script that reads "Marshall Fisher".

Marshall Fisher  
Corrections Commissioner  
State of Mississippi

MF/rm:ah

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**MISSISSIPPI STATE DEPARTMENT OF HEALTH**

March 24, 2015

**FINANCIAL AUDIT FINDINGS**

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

Dear Mr. Pickering:

Enclosed for your review are the responses and corrective action plans for the Financial Audit Findings for the Mississippi State Department of Health for the Fiscal Year ended 2014.

**AUDIT FINDINGS:**

**SIGNIFICANT DEFICIENCY**

2014-002      Controls Should Be Strengthened over the Preparation and Review of the GAAP Reporting Package and the Schedule of Expenditures of Federal Activity

The agency concurs with this finding. The FY 2014 GAAP Reporting Package and the Schedule of Expenditures of Federal Activity were prepared by an outside firm. In the future the process will be conducted by agency staff and reviewed by supervisory personnel.

  
Mary Currier, M.D., M.P.H.  
State Health Officer

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STATE OF MISSISSIPPI  
PHIL BRYANT, GOVERNOR  
MISSISSIPPI DEVELOPMENT AUTHORITY  
BRENT CHRISTENSEN  
EXECUTIVE DIRECTOR

**Financial Audit Management Report**

March 20, 2015

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

Dear Mr. Pickering:

This letter is in response to the findings during the Financial Audit Findings of the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2014. Our response is as follows:

**MATERIAL WEAKNESS**

**2014-003     Controls over GAAP Reporting Packages Should be Strengthened**

**Response:**

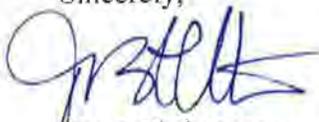
MDA concurs with the finding.

**Corrective Action Plan:**

The MDA has made adjustments to our internal GAAP preparation procedures to account of the allowance for uncollectible loans receivables. In addition, the MDA will strengthen our internal procedures to more accurately categorize loan balances when possible.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Brian Daniel at (601) 359-2596.

Sincerely,

  
Brent Christensen  
Executive Director

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**OFFICE OF THE STATE TREASURER**  
**LYNN FITCH**  
**TREASURER**

March 19, 2015

Honorable Stacey E. Pickering  
State Auditor  
State of Mississippi  
8<sup>th</sup> Floor, Woolfolk Building  
Jackson, Mississippi 39201

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to our fiscal year 2014 audit. Listed below is our individual response and plan for corrective action:

**AUDIT FINDING:** Investment Ratios Should be Maintained in Accordance with State Law

**Response:** We do not concur with the audit finding. We fundamentally disagree with the application of the 50 percent limitation to certain Agency securities.

**Corrective Action:** Under the conservatorship put in place on September 7, 2008, FNMA and FHLMC are being run by the Federal Housing Finance Agency. The US Treasury's actions on September 7<sup>th</sup> included the institution of Preferred Stock Purchase Agreements, which are the foundation of the direct financial support of the US government to the agencies. The Treasury secretary's speech highlighted the additional security and clarity that these agreements provide to debt holders of FNMA and FHLMC. There were other steps that provided additional security to the debt holders through the provision of greater market stability, but the Purchase Agreements are, in our view, the most important and direct source of financial support. Because FNMA and FHLMC are congressionally chartered, only Congress can effect a permanent change in the status of the companies – either making them entirely public or entirely private. That is a matter that has yet to be determined. Reform will likely occur in some form over the next couple of years, and we will see what ultimately becomes of FNMA and FHLMC. The point put forth by Treasury is that what we know today is that the debt is for all intents and purposes fully supported by the US government, and

therefore the debt of FNMA and FHLMC held in the portfolio should not be included in the 50 percent calculation. There is not an explicit legal guarantee, and there will not be – partly because of the balance sheet effects on the US as a whole and partly because of the congressional charters of these companies, to say nothing of the precedent set by the US assuming a public/private entity's debt. The net result of the conservatorship is financial support of the companies, which includes support to pay its debt obligations and amounts to a guarantee from the federal government on the debt.

Treasury does not believe it is in the best interests of the taxpayers to liquidate FNMA and FHLMC holdings in favor of Treasuries to lower the allocation to Agencies due to the large losses in income to the portfolio that would result from such a rebalancing. The allocation to FNMA and FHLMC securities does not represent additional risk vis-à-vis Treasuries to the State or the taxpayers but does offer meaningfully higher yields. As FNMA and FHLMC holdings mature and/or are called, US Treasury holdings will be added to the portfolio as market rates and pricing are compelling compared to prevailing market rates of securities of similar maturities. Since March 2012, \$750 million of US Treasury securities have been added to the portfolio.

In the 2014 legislative session, the Office of the State Treasurer (OST) proposed revisions to amend Miss. Code Ann. § 27-105-33. The proposed revisions included the removal of the fifty percent required allocation to Treasury securities. The revisions were introduced in HB 1027 (please see attached), which was passed by the House of Representatives, Senate, and signed by the Governor March 19, 2014. The revisions to Miss. Code Ann. § 27-105-33 were effective July 1, 2014. Due to the revision to Miss. Code Ann. § 27-105-33, the OST will no longer be non-compliant to the referenced audit finding.

Sincerely,

  
Lynn Fitch  
State Treasurer

  
Lanna Jackson  
Deputy



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**Auditor's note to the Response from Management**

**TREASURY**

**MATERIAL NONCOMPLIANCE**

**Finding Number**

**Finding Heading**

2014-004

**Investment Ratios Should Be Maintained in Accordance with State Law**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. We wish to place additional emphasis on the fact the agency remains in violation of Section 27-105-33, Miss. Code Ann. (1972). This statute makes no provision for the Treasurer's judgment to be substituted in lieu of strict compliance with its requirements.

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**Office of the State Auditor**  
**Post Office Box 956**  
**Jackson, Mississippi 39205-0956**  
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