



MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

March 25, 2015

The 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:

In accordance with your correspondence dated March 20, 2015, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit findings for the fiscal year ending June 30, 2014.

14-01 Controls Should Be Strengthened Over Payments Made to Subrecipients of the Child Nutrition and Child and Adult Care Food Programs.

Response: The Office of Child Nutrition concurs that the contract status of 13 organizations of the 764 applications reviewed were not reflected accurately in OCeaN, the web-based claims payment and contract system. However, these organizations had been approved both on paper and within OCeaN. In no instances were erroneous or invalid payments made to subrecipients.

On-line approval of contracts is appropriately assigned to the Division Director for Child and Adult Care Food Program (CACFP). The Assistant Director for Child Nutrition also has approval rights and serves as a backup to the Division Director.

The Office of Child Nutrition has been working with the Mississippi Department of Information Technology Services (ITS) for nearly two years to obtain a replacement of the OCeaN system. Due to the scope of work and delays from ITS, the Request for Proposals is scheduled for release in April 2015.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The identified reporting and approval errors have been reported to MDE's Office of Technology and Strategic Services (OTSS) and are under investigation. OTSS will make changes to the OCeaN system as necessary to correct the reporting errors. Additionally, MDE is working with ITS to replace OCeaN with a newer system and vendor support. The system will include improved reporting and stringent controls regarding payment approvals.

March 25, 2015

OTSS has implemented a Change Control Management procedure. Currently, OTSS employees are using a manual change request form for OCeaN. Automated tracking products have been reviewed and a system is currently being implemented.

B. Name of the contact person responsible for corrective action.

Scott Clements, Director – Office of Child Nutrition
Ellen Burnham – Office of Technology and Strategic Services

C. Anticipated completion date for corrective action.

June 1, 2015

14-02 A Review Should Be Performed of Employee Approval Levels in the Statewide Automated Accounting System (SAAS)

Response: Although MDE concurs that a few key Accounting Office employees had entry and approval rights for specific transaction types in the accounting system, we review the approval levels of each employee annually and have provided written justification to the auditors which had been acceptable in prior audits with no written audit finding resulting. We have also informed the auditors of additional internal control procedures that are in place to ensure that one person does not enter and approve a transaction.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

On July 1, 2014, a new statewide accounting system was implemented and SAAS is no longer operational. The Mississippi Accountability System for Government Information and Collaboration (MAGIC) security features will ensure that no individual has the ability to initiate and approve a transaction. Thus, this finding is resolved.

B. Name of the contact person responsible for corrective action.

James A. Hart, Director – Office of Accounting

C. Anticipated completion date for corrective action.

Corrective action completed with the inception of MAGIC on July 1, 2014

Should you have any questions or need additional information please do not hesitate to contact me.

Sincerely,



Carey M. Wright, Ed.D.
State Superintendent of Education



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State Superintendent of Education

March 25, 2015

The Honorable Stacey E. Pickering, State Auditor
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P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Pickering:

In accordance with your correspondence dated March 20, 2015, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the single audit findings for the fiscal year ending June 30, 2014.

Single Audit Findings:

Reporting

Material Weakness
Material Noncompliance

10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program (SMP)
10.558	Child and Adult Care Food Program (CACFP)
10.559	Summer Food Service Program for Children (SFSPC)

Federal Award Number and Year:	13135MS326N1099	2013
	14135MS326N1099	2014

Questioned Costs: None

2014-006	Controls Should be Strengthened in the Office of Child Nutrition over Federal Funding Accountability and Transparency Act (FFATA) Reporting to Ensure Compliance with Federal Reporting Requirements
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Response:	Training of Office of Child Nutrition staff has not been completed and reporting has not been assigned to that office. The Office of Accounting filed partial reports for the months of July 2013 through January 2014.
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Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The Office of Accounting will complete training for Child Nutrition Staff. At that time, reports will be filed by the Office of Child Nutrition on a monthly basis.

March 25, 2015

B. Name of the contact person responsible for corrective action.

James A. Hart, Director – Office of Accounting
Scott Clements, Director – Office of Child Nutrition

C. Anticipated completion date for corrective action.

May 15, 2015

Subrecipient Monitoring

Control Deficiency
Immaterial Noncompliance

10.559 Summer Food Service Program for Children (SFSPC)

Federal Award Number and Year: 13135MS326N1099 2013
14135MS326N1099 2014

Questioned Costs: \$37,006

2014-007 Controls Should be Strengthened in the Office of Child Nutrition over On-Site Subrecipient Monitoring of the Summer Food Service Program for Children

Response: The OCeaN system does not include tracking of monitoring, all tracking is performed manually. Also, monitors are not notified by the system of additional reviews that must be completed as new organizations are approved. This resulted in the failure to review 1 of 151 organizations. Further, there is no automated system to track overclaims due to the agency or to calculate the amount of reimbursement for reviewed organizations in the Summer Food Service Program for Children.

The Office of Child Nutrition has been working with the Mississippi Department of Information Technology Services (ITS) for nearly two years to obtain a replacement of the OCeaN system. Due to the scope of work and delays from ITS, the Request for Proposals is scheduled for release in April 2015.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

Until such time as a suitable replacement is obtained, the Office of Child Nutrition will implement second party checks on tracking of monitoring, payments due to the agency, and calculations of reimbursements for monitoring of subrecipients.

B. Name of the contact person responsible for corrective action.

Scott Clements, Director – Office of Child Nutrition

C. Anticipated completion date for corrective action.

June 1, 2015

Activities Allowed/Unallowed
Allowable Costs/Cost Principles

Significant Deficiency

10.553 School Breakfast Program (SBP)
10.555 National School Lunch Program (NSLP)
10.556 Special Milk Program (SMP)
10.558 Child and Adult Care Food Program (CACFP)
10.559 Summer Food Service Program for Children (SFSPC)

Federal Award Number and Year: 13135MS326N1099 2013
14135MS326N1099 2014

2014-008 Controls Should be Strengthened over Payments Made to Subrecipients of the Child Nutrition Cluster and Child and Adult Care Food Programs

Response: The Office of Child Nutrition concurs that the contract status of 13 organizations of the 764 applications reviewed was not reflected accurately in OCeaN, the web-based claims payment and contract system. However, these organizations had been approved both on paper and within OCeaN. In no instances were erroneous or invalid payments made to subrecipients.

On-line approval of contracts is appropriately assigned to the Division Director for the Child and Adult Care Food Program. The Assistant Director for the Office of Child Nutrition also has approval rights and serves as a backup to the Division Director.

The Office of Child Nutrition has been working with the Mississippi Department of Information Technology Services (ITS) for nearly two years to obtain a replacement of the OCeaN system. Due to the scope of work and delays from ITS, the Request for Proposals is scheduled for release in April 2015.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The identified reporting and approval errors have been reported to MDE's Office of Technology and Strategic Services (OTSS) and are under investigation. OTSS will make changes to the OCeaN system as necessary to correct the reporting errors. Additionally, MDE is working with ITS to replace OCeaN with a newer system and vendor support. The system will include improved reporting and stringent controls regarding payment approvals.

OTSS has implemented a Change Control Management procedure. Currently, OTSS employees are using a manual change request form for OCeaN. Automated tracking products have been reviewed and a system is currently being implemented.

B. Name of the contact person responsible for corrective action.

Scott Clements, Director – Office of Child Nutrition
Ellen Burnham – Office of Technology and Strategic Services

Honorable Stacey E. Pickering

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March 25, 2015

C. Anticipated completion date for corrective action.

June 1, 2015

Should you have any questions or need additional information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Carey M. Wright". The signature is fluid and cursive, with the first name "Carey" being more prominent.

Carey M. Wright, Ed.D.
State Superintendent of Education



MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

March 25, 2015

The 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:

In accordance with your correspondence dated March 20, 2015, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the other audit findings for the fiscal year ending June 30, 2014.

Other Audit Findings:

Subrecipient Monitoring

Immaterial Noncompliance Control Deficiency

10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program (SMP)
10.559	Summer Food Service Program for Children (SFSPC)

Federal Award Number and Year:	13135MS326N1099	2013
	14135MS326N1099	2014

Questioned Costs: None

Oth-02 Controls Should be Strengthened in the Office of Child Nutrition over Circular A-133 Monitoring to Ensure Compliance with Federal Requirements

Response: Office of Child Nutrition and Office of Technology and Strategic Services (OTSS) staff identified and corrected an error in the OCeaN system regarding the calculation of funds for A-133 audits. Corrective action was completed in January 2014.

Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

Corrective action was completed in January 2014 through changes to the OCeaN system by OTSS staff.

March 25, 2015

- B. Name of the contact person responsible for corrective action.

Scott Clements, Director – Office of Child Nutrition

- C. Anticipated completion date for corrective action.

January 2014

Oth-03 Controls Should be Strengthened in the Office of Special Education over Federal Funding Accountability and Transparency Act (FFATA) Reporting

Response: MDE concurs with the audit finding and acknowledges for SY13-14 Jefferson Davis and Holly Springs IDEA allocations and Holmes County Preschool allocation were not reported due to incorrect information related to the congressional district. MDE conducted several follow up attempts via email to each district notifying them of their DUNS number containing incorrect information and they were directed to DUNS and Bradstreet at 1-866-705-5711 to correct this information. After several failed attempts, the districts had not corrected this issue. However, MDE has resolved the FFATA Reporting Requirements for the above listed school districts. MDE edited each corresponding FFATA report to include those districts that were omitted due to validation errors, an option that was not available during SY13-14 reporting.

Corrective Action Plan:

- A. Specific steps to be taken to correct the situation.

The identified FFATA reporting issues for Jefferson Davis, Holly Springs, and Holmes County School Districts have been corrected. Copies of the corrected reports will be retained in the program office. Going forward, MDE will work diligently with each district to ensure congressional district information is corrected so that the reports can be completed in a timely manner.

- B. Name of the contact person responsible for corrective action.

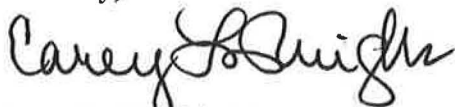
Debra Hines, Division Director – Office of Special Education

- C. Anticipated completion date for corrective action.

March 24, 2015

Should you have any questions or need additional information please do not hesitate to contact me.

Sincerely,



Carey M. Wright, Ed.D.
State Superintendent of Education