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FINANCIAL AUDIT FINDING

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

April 15, 2015

Dear Mr. Pickering:

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

Finding Number

Finding and Recommendation

IMMATERIAL NONCOMPLIANCE AND OTHER MATTERS

14-01

Truck and Bus Permit Receipts Should Be Transferred Timely to the State Treasury

Finding:

Test work performed on 15 truck and bus permit receipts at the Mississippi Department of Transportation revealed six instances, or 40 percent, in which receipts were not transferred to the state treasury timely. The transfers to the state treasury were made between five and 63 working days after deposit to the clearing account. Section 7-9-21, Miss. Code Ann. (1972), requires agencies to deposit funds into the state treasury by the end of the next business day following the day of collection. At the request of any state agency, the State Fiscal Officer, with the advice and consent of the State Treasurer, may provide for other than daily deposits of accounts by that state agency. It should be noted that the agency contacted the State Treasurer and the State Fiscal Officer after we brought this to their attention and received approval to make transfers to the state treasury within 10 working days. Failure to make timely transfers to the state treasury may result in the loss of investment earnings to the state.

Corrective Action Plan:

- A. MDOT agrees that certain permit fees are not deposited daily to the state treasury. Since these permits are issued across the entire state, MDOT makes

daily deposits into secure bank accounts to hold the funds until a proper reconciliation can be performed and amounts verified. MDOT has received approval from DFA to make transfers to the state treasury within 10 working days to accommodate this process.

- B. To improve the timeliness of the reconciliation process, the Office of Enforcement has assigned another administrative assistant to assist with reconciliation of officers' deposit reports and receipts.
- C. The Office of Enforcement has also updated policies and procedures for collection and deposit of fees emphasizing the timely submittal of all reports to comply with the 10 day guideline.
- D. To further facilitate the timeliness of deposits to the state treasury, MDOT has enabled the use of credit cards through the state's approved payment processor. This should reduce the amount of checks and cash collected by officers throughout the state.
- E. The Office of Enforcement Director, Willie Huff, and the Financial Management Director, Alison Brown, and their staff are responsible for this corrective action.

Should you have any questions or need additional information, contact our Financial Management Division at (601) 359-7400.

Sincerely,



Melinda L. McGrath
Executive Director

MLM:kyo

Cc: Lisa Hancock, Deputy Executive Director/Administration
Alison Brown, Financial Management Director