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Mississippi Department of Marine Resources

Independent Auditor's Reports and Financial Statements
of Treasury Governmental Fund

June 30, 2015



Mississippi Department of Marine Resources

June 30, 2015

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Independent Auditor's Report

Mr. Jamie M. Miller
Executive Director
Mississippi Department of Marine Resources
Biloxi, Mississippi

Report on the Financial Statements of Treasury Governmental Fund

We have audited the accompanying financial statements of the treasury governmental fund of the Mississippi Department of Marine Resources (MDMR), which are comprised of a balance sheet as of June 30, 2015, and a statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the treasury governmental fund of Mississippi Department of

Mr. Jamie M. Miller
Executive Director
Mississippi Department of Marine Resources
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Marine Resources as of June 30, 2015, and the respective changes in their financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1*, the financial statements present only the treasury governmental fund and do not purport to, and do not present fairly the financial position of MDMR as of June 30, 2015, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise MDMR's treasury governmental fund basic financial statements. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of MDMR's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDMR's internal control over financial reporting and compliance.

BKD, LLC

Jackson, Mississippi
March 21, 2016

Mississippi Department of Marine Resources
Balance Sheet of Treasury Governmental Fund
June 30, 2015

Assets

Cash	\$ 39,190,849
Receivables	316,334
Due from other governments	620,814
Due from other funds	<u>27,477</u>
 Total assets	 <u><u>\$ 40,155,474</u></u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 790,537
Due to other funds	22,384
Due to other governments	1,244,283
Funds held for others	20,397
Unearned federal revenues	<u>39,715</u>
 Total liabilities	 <u>2,117,316</u>

Fund Balance

Restricted for Marine Resources	<u>38,038,158</u>
 Total fund balance	 <u>38,038,158</u>
 Total liabilities and fund balance	 <u><u>\$ 40,155,474</u></u>

Mississippi Department of Marine Resources
Statement of Revenues, Expenditures and Changes in
Fund Balance of Treasury Governmental Fund
Year Ended June 30, 2015

Revenues	
State appropriation/allotment	\$ 1,126,857
Federal grant revenue	10,413,511
Other grant or contractual revenues	2,106,035
Rental of state property	9,605,836
Gasoline tax	3,050,000
License and permit sales	1,603,601
Fines and penalties	64,799
Cost allocation reimbursement	19,342
Donations	197,179
Interest income	389,328
Other income	<u>234,986</u>
Total revenues	<u>28,811,474</u>
Expenditures	
Salaries	7,955,651
Travel	149,784
Contractuals	4,454,761
Commodities	1,416,516
Capital outlay	642,036
Subsidies	<u>12,765,287</u>
Total expenditures	<u>27,384,035</u>
Excess of Revenues Over Expenditures	1,427,439
Other Financing Sources (Uses)	
Transfers in (out)	<u>(769,719)</u>
Net Changes in Fund Balance	657,720
Fund Balance, Beginning of Year	<u>37,380,438</u>
Fund Balance, End of Year	<u><u>\$ 38,038,158</u></u>

Mississippi Department of Marine Resources
Notes to Financial Statements of Treasury Governmental Fund
June 30, 2015

Note 1: Significant Accounting Policies

Background Information

Mississippi Department of Marine Resources (MDMR), an agency of the State of Mississippi, utilizes a single treasury governmental fund for external financial reporting. It utilizes ten different internal funds at present (accounts) with different uses of funds.

- A. **Appropriations Fund or General Fund** (Fund 2245000000): This fund receipts appropriations each year from the Legislature.
- B. **Seafood Fund** (Fund 3345000000): This fund accounts for operating funds supporting a majority of MDMR operations that are not funded by federal grants. Funding sources include off-road fuel taxes, nonfederal grants, contracts, license sales, permitting, etc.). This fund also holds the balances of MDMR's "Obligated Funds," which are received for specific legislative or contractual purposes that are restricted only for those uses (examples include Coastal Preservation, Shell Retention, and Artificial Reef).
- C. **Tidelands Trust Fund** (Fund 3345200000): This fund is used to account for the lease of Mississippi water bottoms.
- D. **MDMR Federal Clearing Fund** (Fund 5345000000): This is a reimbursable fund set up to recover any funds spent on federal grants. The only grant programs that are included in this fund are those which are pure reimbursement programs, thus facilitating the reconciliation of the account and creating improved transparency of the status of reimbursements from the federal government. Funds that are not true federal grants or reimbursements are contained in the Seafood Fund.
- E. **BP Oil Spill 2010 Funds** (Fund 5349B00000): These funds are the residual funds remaining from the block grants that we received from BP immediately after the oil spill of 2010. The balance of this fund was transferred into the Seafood Fund during fiscal year 2015.
- F. **Bond Funds** (Funds 6349A00000, 6349C00000, 6344900000 and 6349H00000): These funds hold proceeds from state bond issuances. MDMR makes twice annual repayments to the Office of the State Treasurer out of the Tidelands Fund for these bond obligations. These bond payments are classified as transfers in the accompanying financial statements. Per the bond agreements, the monies "shall be disbursed, in the discretion of the department, to provide funds to purchase real property and pay the cost of administration and personnel expenses, necessary equipment and repairs, renovation and construction of facilities necessary for the improvement of the marine resources of the state; however, operational expenses authorized to be paid under this act shall not exceed three percent (3%) of the total amount of bonds issued under this act."

Mississippi Department of Marine Resources
Notes to Financial Statements of Treasury Governmental Fund
June 30, 2015

G. **NFWF Fund** (Fund 5345100000): This fund was instated during fiscal year 2015 to capture revenues and expenditures from projects related to the BP Oil Spill Settlement which was settled in 2015 for distribution to the Gulf States. This money was awarded from British Petroleum to the National Fish and Wildlife Foundation, who awarded funds to the Mississippi Department of Environmental Quality, who then awarded funds to MDMR. These funds are to be used in two categories: Economic Development and Restoration Efforts. There were no transactions for this fund during fiscal year 2015.

These funds represent the combined treasury governmental fund selected for audit by the State of Mississippi, Office of the State Auditor, and the accompanying presentation does not purport to present the financial position and changes in financial position of MDMR.

Basis of Presentation

The accompanying fund financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting*, as issued by the Government Finance Officers Association.

Fund Accounting

The financial activities of the treasury governmental fund are recorded internally in individual funds and account groups used to report financial position and changes in financial position. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Basis of Accounting/Measurement Focus

The treasury governmental fund is accounted for on a flow of current financial resources measurement focus. This focus measures financial resources available to the entity in the near future as a result of transactions and events of the fiscal period reported. The modified accrual basis of accounting is utilized. Under this method, revenues are recognized when they become measurable and available, and expenditures are recognized at the time liabilities are incurred.

Mississippi Department of Marine Resources

Notes to Financial Statements of Treasury Governmental Fund

June 30, 2015

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and other changes in fund balances during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. All short-term, highly liquid investments that are readily convertible to cash (generally with a maturity of three months or less) are considered cash equivalents. At June 30, 2015, there were no cash equivalents.

Interfund Receivables/Payables

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due from or due to other funds.” Noncurrent portions of interfund receivables/payables are reported as “advances to or advances from other funds.”

Fund Balance

The fund balance for MDMR’s governmental type fund can be displayed in five components.

- ***Nonspendable*** – Amounts that are not in a spendable form or are required to be maintained intact, such as inventories.
- ***Restricted*** – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.
- ***Committed*** – Amounts that can be used only for the specific purposes determined by a formal action of the Mississippi Legislature.
- ***Assigned*** – Amounts intended to be used by the government for specific purposes. In governmental funds other than the General Fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- ***Unassigned*** – The residual classification for the General Fund includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Mississippi Department of Marine Resources
Notes to Financial Statements of Treasury Governmental Fund
June 30, 2015

The fund balance for the funds included in these financial statements are considered restricted for marine resource purposes. Restrictions may be changed or lifted only with the consent of resource providers.

Note 2: Cash and Other Deposits

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDMR's deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entities' funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Note 3: Interfund Receivables, Payables and Transfers

All interfund receivables and payables at June 30, 2015, were due to or from funds of other agencies of the State of Mississippi outside of MDMR.

For the year ended June 30, 2015, all interfund transfers were transferred to funds of other agencies of the state of Mississippi, except for the following:

	Interfund Transfers Out	Interfund Transfers In
Fund 3345000000 - Seafood Fund	\$ -	\$ 344,398
Fund 5349B00000 - BP Oil Spill 2010	344,398	-

Note 4: Defined Benefit Pension Plan

MDMR participates in the Public Employees' Retirement System of Mississippi (PERS) a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of

Mississippi Department of Marine Resources
Notes to Financial Statements of Treasury Governmental Fund
June 30, 2015

Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. This information may be obtained by contacting PERS.

During fiscal year 2015, PERS members were required to contribute 9% of their annual covered salary, and MDMR is required to contribute at an actuarially determined rate, which was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. MDMR's contributions are made at the agency level; therefore, information is not available on contributions by specific funds.

Supplemental Information

Mississippi Department of Marine Resources
Combining Balance Sheet of Treasury Governmental Fund
June 30, 2015

	General 2245000000	Ser 06D DMR - Equipment and Facilities 6344900000	Seafood 3345000000	Tidelands Trust 3345200000	Bond Equipment 6349A00000	BP Oil Spill 2010 5349B00000	Ser 11A DMR Equipment and Facilities 6349C00000	MDMR Federal Clearing 5345000000	DMR Bond Proceeds 2012H 6349H00000	Total
Assets										
Cash	\$ -	\$ 30	\$ 7,741,318	\$ 28,534,653	\$ 62	\$ -	\$ 903,983	\$ -	\$ 2,010,803	\$ 39,190,849
Receivables	-	-	316,334	-	-	-	-	-	-	316,334
Due from other governments	-	-	401,185	-	-	-	-	219,629	-	620,814
Due from other funds	-	-	5,823	19,706	-	-	608	-	1,340	27,477
Total assets	\$ -	\$ 30	\$ 8,464,660	\$ 28,554,359	\$ 62	\$ -	\$ 904,591	\$ 219,629	\$ 2,012,143	\$ 40,155,474
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 132,201	\$ 194,158	\$ -	\$ -	\$ 17,213	\$ 446,965	\$ -	\$ 790,537
Due to other funds	-	-	21,763	124	-	-	-	497	-	22,384
Due to other governments	-	-	15,884	678,894	-	-	-	549,505	-	1,244,283
Funds held for others	-	-	20,397	-	-	-	-	-	-	20,397
Unearned federal revenues	-	-	-	-	-	-	-	39,715	-	39,715
Total liabilities	-	-	190,245	873,176	-	-	17,213	1,036,682	-	2,117,316
Fund Balances										
Restricted for Marine Resources	-	30	8,274,415	27,681,183	62	-	887,378	(817,053)	2,012,143	38,038,158
Total fund balances	-	30	8,274,415	27,681,183	62	-	887,378	(817,053)	2,012,143	38,038,158
Total liabilities and fund balances	\$ -	\$ 30	\$ 8,464,660	\$ 28,554,359	\$ 62	\$ -	\$ 904,591	\$ 219,629	\$ 2,012,143	\$ 40,155,474

Mississippi Department of Marine Resources
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances of Treasury Governmental Fund
Year Ended June 30, 2015

	Ser 06D DMR - Equipment and			Tidelands	Bond	BP Oil	Ser 11A DMR Equipment and		MDMR	DMR	Total
	General	Facilities	Seafood	Trust	Equipment	Spill 2010	Facilities	Clearing	Federal	Bond	
	2245000000	6344900000	3345000000	3345200000	6349A00000	5349B00000	6349C00000	5345000000	6349H00000	2012H	
Revenues											
State appropriation/allotment	\$ 1,126,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,126,857
Federal grant revenue	-	-	-	-	-	-	-	10,413,511	-	-	10,413,511
Other grant or contractual revenues	-	-	2,106,035	-	-	-	-	-	-	-	2,106,035
Rental of state property	-	-	34,219	9,571,617	-	-	-	-	-	-	9,605,836
Gasoline tax	-	-	3,050,000	-	-	-	-	-	-	-	3,050,000
License and permit sales	-	-	1,603,601	-	-	-	-	-	-	-	1,603,601
Fines and penalties	-	-	64,799	-	-	-	-	-	-	-	64,799
Cost allocation reimbursement	-	-	687,308	-	-	-	-	(667,966)	-	-	19,342
Donations	-	-	197,179	-	-	-	-	-	-	-	197,179
Interest income	-	-	79,210	280,599	-	-	11,597	-	-	17,922	389,328
Other income	1,125	-	158,705	2,607	-	-	-	72,549	-	-	234,986
Total revenues	1,127,982	-	7,981,056	9,854,823	-	-	11,597	9,818,094	17,922	28,811,474	
Expenditures											
Salaries	1,127,456	-	4,783,344	597,197	-	-	-	1,447,654	-	-	7,955,651
Travel	27	-	90,642	20,423	-	-	-	38,692	-	-	149,784
Contractuals	-	-	2,052,204	1,279,632	-	-	51,601	1,070,997	327	-	4,454,761
Commodities	-	-	922,562	197,372	-	-	38,979	245,359	12,244	-	1,416,516
Capital outlay	-	-	138,743	1,210	-	-	401,595	100,488	-	-	642,036
Subsidies	-	-	612,893	6,372,790	-	-	-	5,779,604	-	-	12,765,287
Other operating expenses	499	-	(383)	(31)	-	-	-	(85)	-	-	-
Total expenses	1,127,982	-	8,600,005	8,468,593	-	-	492,175	8,682,709	12,571	27,384,035	
Excess of Revenues Over (Under) Expenditures	-	-	(618,949)	1,386,230	-	-	(480,578)	1,135,385	5,351	1,427,439	
Other Financing Sources (Uses)											
Transfers in (out)	-	-	386,677	(819,484)	-	(344,398)	-	7,486	-	-	(769,719)
Net Changes in Fund Balances	-	-	(232,272)	566,746	-	(344,398)	(480,578)	1,142,871	5,351	657,720	
Fund Balances, Beginning of Year	-	30	8,506,687	27,114,437	62	344,398	1,367,956	(1,959,924)	2,006,792	37,380,438	
Fund Balances, End of Year	\$ -	\$ 30	\$ 8,274,415	\$ 27,681,183	\$ 62	\$ -	\$ 887,378	\$ (817,053)	\$ 2,012,143	\$ 38,038,158	

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

Mr. Jamie M. Miller
Executive Director
Mississippi Department of Marine Resources
Biloxi, Mississippi

We have audited, in accordance with 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 treasury governmental fund of the Mississippi Department of Marine Resources (MDMR), which are comprised of a balance sheet as of June 30, 2015, and a statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2016, which contained an *Emphasis of Matter* paragraph regarding the financial statements.

Internal Control Over Financial Reporting

Management of MDMR is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered MDMR's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDMR's internal control. Accordingly, we do not express an opinion on the effectiveness of MDMR's internal control.

Our 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. 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 MDMR'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 responses as item 2015-01 to be a material weakness.

Mr. Jamie M. Miller
Executive Director
Mississippi Department of Marine Resources
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Compliance

As part of obtaining reasonable assurance about whether MDMR's financial statements are free of material misstatement, we 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MDMR's Response to Findings

MDMR's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. MDMR's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Matters

We noted certain matters that we reported to MDMR's management in a separate letter dated March 21, 2016.

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 MDMR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDMR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLC

Jackson, Mississippi
March 21, 2016

Mississippi Department of Marine Resources
Schedule of Findings and Responses
Year Ended June 30, 2015

<i>Reference Number</i>	<i>Finding</i>
2015-01	<p><i>Criteria or Specific Requirement</i> – Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.</p> <p><i>Condition</i> – MDMR procedures to ensure all significant liabilities related to outside grant reimbursement requests received after the lapse period are properly estimated and accrued into the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) need to be established.</p> <p><i>Effect</i> – As a result, material prior year grant expenditures were recorded as expenditures in the current year in Fund 53450000 for grant reimbursement requests paid after the lapse period.</p> <p><i>Cause</i> – Although MDMR’s internal control procedures in place throughout the year contained a process for the identification and recording of year-end liabilities for grant reimbursement requests paid during the lapse period, the process did not fully address grant reimbursement requests for expenditures incurred by third parties before year-end submitted after the lapse period. MDMR is reliant in these situations for the third party to provide timely and accurate information. MDMR does not have insight into grant progress and needs to implement appropriate grant tracking capabilities to determine when it is likely such third parties would have incurred expenditures which need to be reported by MDMR as part of its grant reporting system.</p> <p><i>Recommendation</i> – MDMR has enhanced and improved controls during the year to establish acceptable cutoff of recorded liabilities. MDMR should continue to seek ways to strengthen policies, controls and oversight over its grants management system to ensure invoices and subgrant reimbursement requests received after the year-end close or after the end of the lapse period to be paid from current financial resources are estimated and captured for recording in the annual financial statements. To facilitate this expanded process and to address the large number of open projects at MDMR, the Agency should consider using a grants management system that would allow for increased visibility into the ongoing progress/status of its open projects and grants through a dashboard or</p>

Mississippi Department of Marine Resources
Schedule of Findings and Responses
Year Ended June 30, 2015

*Reference
Number*

Finding

portal interface, routine reporting by subgrantees and related monitoring of this system by MDMR personnel.

View of Responsible Officials and Planned Corrective Actions – Management notes this matter was isolated to beginning-of-year balances. Management has strengthened internal controls over accounts payable and other areas during the year to establish proper cutoff procedures. MDMR is currently working to procure a grants management system that will facilitate the above recommendations.