



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

April 17, 2007

### FINANCIAL AND SINGLE AUDIT MANAGEMENT REPORT

Dr. John Hilpert, President  
Delta State University  
P. O. Box A-1  
Cleveland, MS 38733

Dear Dr. Hilpert:

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of Delta State University for the year ended June 30, 2006. Delta State University's financial statements are consolidated into the State of Mississippi - Institutions of Higher Learning (IHL) audit report. In addition, an audit of federal awards was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. In addition to auditing certain selected accounts included on the financial statements, our audit procedures included performing state legal compliance tests, federal compliance tests, updating our understanding and documentation of various internal control systems in place at the university, and other procedures we deemed necessary.

These procedures and tests cannot and do not provide absolute assurance that all state and federal legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to insure compliance with legal requirements.

Enclosed is the finding and our recommendation for correction which came to our attention while performing our audit procedures at Delta State University as part of our audit of the IHL for the year ended June 30, 2006. The Schedule of Findings and Questioned Costs enclosed includes three sections:

1. Findings Related to the Financial Statements
2. Findings and Questioned Costs for Federal Awards
3. Other Findings



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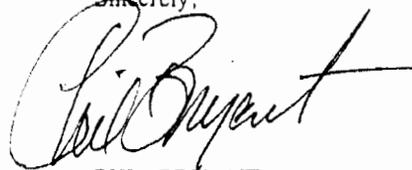
Delta State University has no findings which will be included in the IHL audit report. Section three noted above includes deficiencies in internal controls which came to our attention during our audit that we believe should be brought to management's attention. Because of the materiality threshold for the IHL audit being greater than the materiality threshold at each university considered individually, the Other Finding noted in section three above will not be included in the IHL report. A Corrective Action Plan (CAP) should be prepared for the finding in section three and submitted to this office within 10 working days from the date you receive this letter. An example of a CAP is included with this letter. Please prepare your CAP in this format. The CAP should provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If you do not agree with the audit finding or believe corrective action is not required, the CAP should include an explanation and specific reason.

During future engagements, the finding in this management report may be reviewed to insure procedures have been initiated to address this finding.

This report is intended solely for the information and use of management, Members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendation enables Delta State University to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of Delta State University throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,



PHIL BRYANT  
State Auditor

PB/jg  
Enclosures

cc: Dr. Thomas C. Meredith  
Mr. Aubrey Patterson  
Mr. Greg Redlin







## **Findings Related to the Financial Statements**

### **Internal Control Over Financial Reporting**

In planning and performing our audit of selected accounts included on the financial statements, we considered Delta State University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the IHL and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain deficiencies in internal controls that we have included in the Other Findings section of this Schedule of Findings and Questioned Costs.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Mississippi - Institutions of Higher Learning (IHL) financial statements are free of material misstatement, we performed tests of Delta State University's 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 IHL's 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Findings and Questioned Costs for Federal Awards**

### **Compliance**

We have audited each of the major federal programs of IHL for compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of IHL's major federal programs at Delta State University is the responsibility of Delta State University's management. Our audit fieldwork included examining, on a test basis, evidence about Delta State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The results of our auditing procedures and tests disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### **Internal Control Over Compliance**

The management of Delta State University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit of the IHL's major federal programs at Delta State University, we considered Delta State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program of the IHL in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

### Other Findings

The following deficiencies in internal controls came to our attention during our audit that we believe should be brought to management's attention:

#### Controls over Travel Reimbursements Should Be Strengthened

##### Finding

Management is responsible for ensuring that travel reimbursements are made in accordance with Section 25-3-41, Miss. Code Ann. (1972), and university policy.

During our audit of travel expenditures, we noted the following:

In 11 out of 30 travel reimbursements tested, there was insufficient documentation to support the reimbursement of the travel expense.

In one instance, reimbursement of \$288.75 was made for a meal and airplane ticket for an employee's spouse.

In one instance, an overage of gratuities of \$110 paid by an employee was reimbursed.

In one instance, a meal expense was reimbursed twice.

In two instances, employees were reimbursed for another employee's travel expenses.

The university had a lack of internal controls and management oversight over travel reimbursements.

Travel reimbursements were made which were not in accordance with Section 25-3-41, Miss. Code Ann. (1972), and university travel policy.

##### Recommendation

Controls over travel reimbursements should be strengthened to ensure that reimbursements for travel expenses are made in accordance with the Section 25-3-41, Miss. Code Ann. (1972), and the institution's travel policy. The institution should be reimbursed by employees for amounts paid which were not in compliance with these travel policies.

**End of Report**





# Delta State University

Office of the Vice President for Finance and Administration

May 1, 2007

Mr. Phil Bryant  
State Auditor  
Office of the State Auditor  
Post Office Box 956  
Jackson, MS 39201

Dear Mr. Bryant:

As requested in your April 17 letter to President Hilpert, Delta State University hereby provides its response to the Other Findings presented in the Financial and Single Audit Management Report.

## Other Findings

Finding 1: In 11 out of 30 travel reimbursements tested, there was insufficient documentation to support the reimbursement of the travel expense.

- a. Contact Person: Samuel L. Washington, Director of Procurement and Auxiliary Services, 662-846-4046.
- b. Corrective Action Planned: Procurement department training has been implemented to ensure that documentation is more thorough. Director is providing ongoing training to individual campus departments to help travelers understand documentation requirements. Director had previously secured documentation for six of the audited items and returned them to the files. Director has secured documentation for three additional reimbursements and is securing documentation for the remaining two.
- c. Anticipated Completion Date: Director will have all missing documentation corrected by May 15, 2007. Director anticipates completing campus departmental training by June 30, 2007. Procurement department training will be continuous.

Finding 2: In one instance, reimbursement of \$288.75 was made for a meal and airplane ticket for an employee's spouse.

- a. Contact Person: Samuel L. Washington, Director of Procurement and Auxiliary Services, 662-846-4046



- b. **Corrective Action Planned:** Director contacted previous Athletics Director in fall semester of 2006 for assistance in retrieving improperly reimbursed funds from former coach. To date, funds have not been reimbursed. Director will mail an official request to former coach for the return of these funds. The Athletic Department will use external funds to reimburse DSU in the event the coach does not pay. In the future, the Director will screen all travel advances prior to returning them to University Accounting for final reimbursement/return of funds. The Director will also ensure that University Accounting staff is made aware of the importance of verifying all expenditures prior to settling an advance.
- c. **Anticipated Completion Date:** Director will implement screening immediately. Director will mail letter to former employee by April 30, 2007.

**Finding 3:** In one instance, an overage of gratuities of \$110 paid by an employee was reimbursed.

- a. **Contact Person:** Samuel L. Washington, Director of Procurement and Auxiliary Services, 662-846-4046.
- b. **Corrective Action Planned:** Football coach had a bill of \$930.03 for meals for the football team while traveling for a game in Pittsburgh, KS. The gratuity paid is less than the standard 15% of the food bill (\$139.50). Director is unaware of a policy limiting tip amounts. Director will request clarification from Auditor's Office on this finding.
- c. **Anticipated Completion Date:** Director will contact Auditor's Office by May 1, 2007 for clarification.

**Finding 4:** In one instance, a meal expense was reimbursed twice.

- a. **Contact Person:** Samuel L. Washington, Director of Procurement and Auxiliary Services, 662-846-4046.
- b. **Corrective Action Planned:** Director secured copy of the conference itinerary. The meal in question was not reimbursed twice as it was an additional charge to the registration. Neither the employee nor the university paid the additional charge.
- c. **Anticipated Completion Date:** Director completed this review on April 27, 2007.

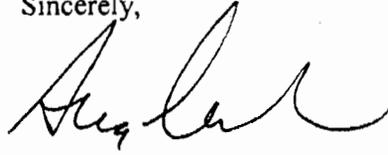
**Finding 5:** In two instances, employees were reimbursed for another employee's travel expenses.

- a. **Contact Person:** Samuel L. Washington, Director of Procurement and Auxiliary Services, 662-846-4046
- b. **Corrective Action Planned:** Director is aware of only one audited record where employee may have been reimbursed for costs of another employee. Director has obtained a statement from the second employee on this trip and that employee has confirmed that he paid all of his own expenses and did not ask for a reimbursement. A copy of that statement has been attached to the permanent record. The charges on the audited employee's reimbursement are all his charges alone.
- c. **Anticipated Completion Date:** Director completed this review on April 30, 2007.



Please let me know if additional information is needed by your office.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Redlin". The signature is fluid and cursive, with a large initial "G" and a long, sweeping tail.

Greg Redlin  
Vice President  
Finance & Administration

cc: President Hilpert  
Dr. Thomas C. Meredith  
Mr. Aubrey Patterson  
Becky Foster  
Sam Washington

