

# *Mississippi*

## *Single Audit Report*

*For the Fiscal Year Ended June 30, 2006*

*Office of the State Auditor*

*Phil Bryant, State Auditor*



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**PHIL BRYANT**  
AUDITOR

June 26, 2007

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

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2006. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the nineteenth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 2005 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2006.

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2006 has been issued and is available electronically at <http://www.dfa.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration  
Attention: Bureau of Financial Reporting  
P. O. Box 267  
Jackson, MS 39205

The Governor, Members of the Legislature  
and Citizens of the State of Mississippi  
Page 2

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted

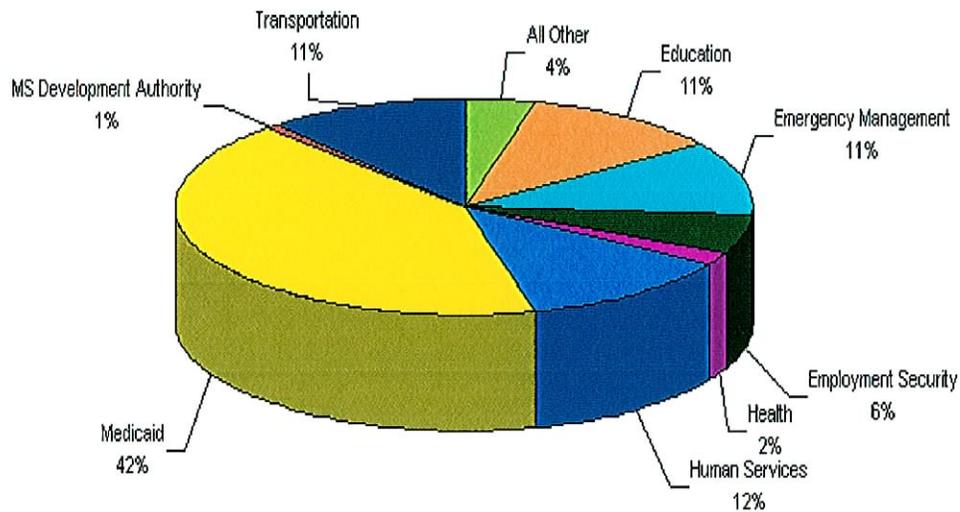


**PHIL BRYANT**  
State Auditor

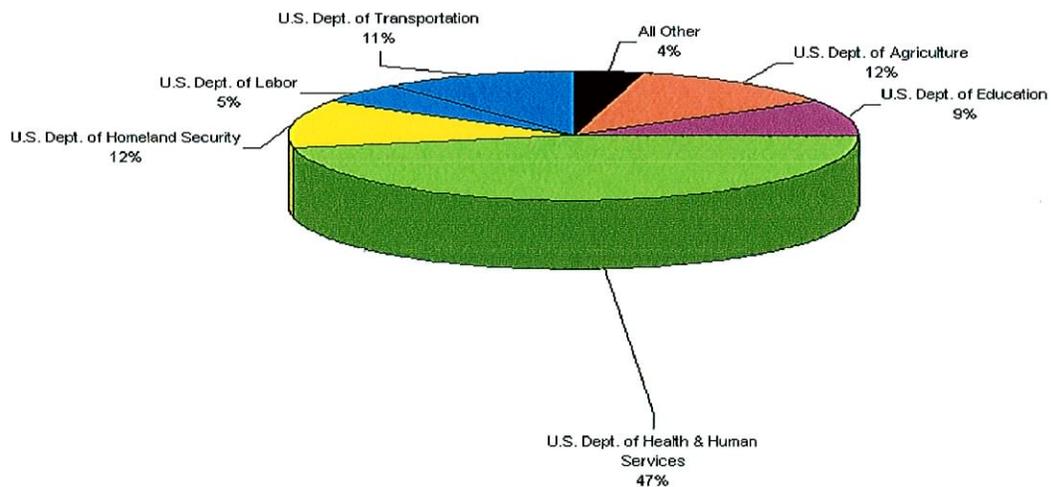
# STATE OF MISSISSIPPI

Fiscal Year 2006

## Expenditures of Federal Awards by State Grantee Agency

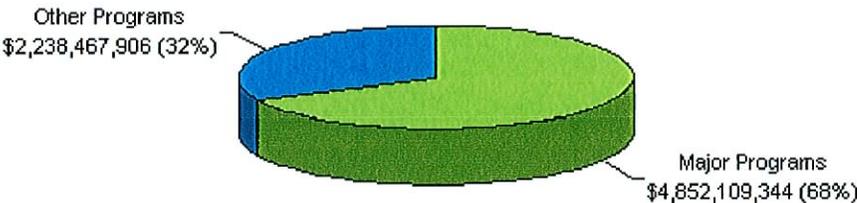


## Expenditures of Federal Awards by Federal Department

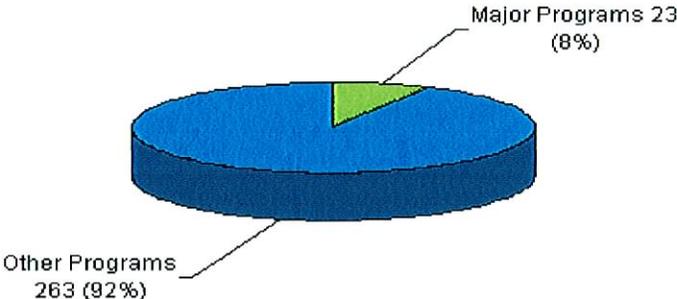


**STATE OF MISSISSIPPI  
Fiscal Year 2006**

Percentage of Major Program Assistance  
Total Expenditures of Federal Awards \$7,090,577,250

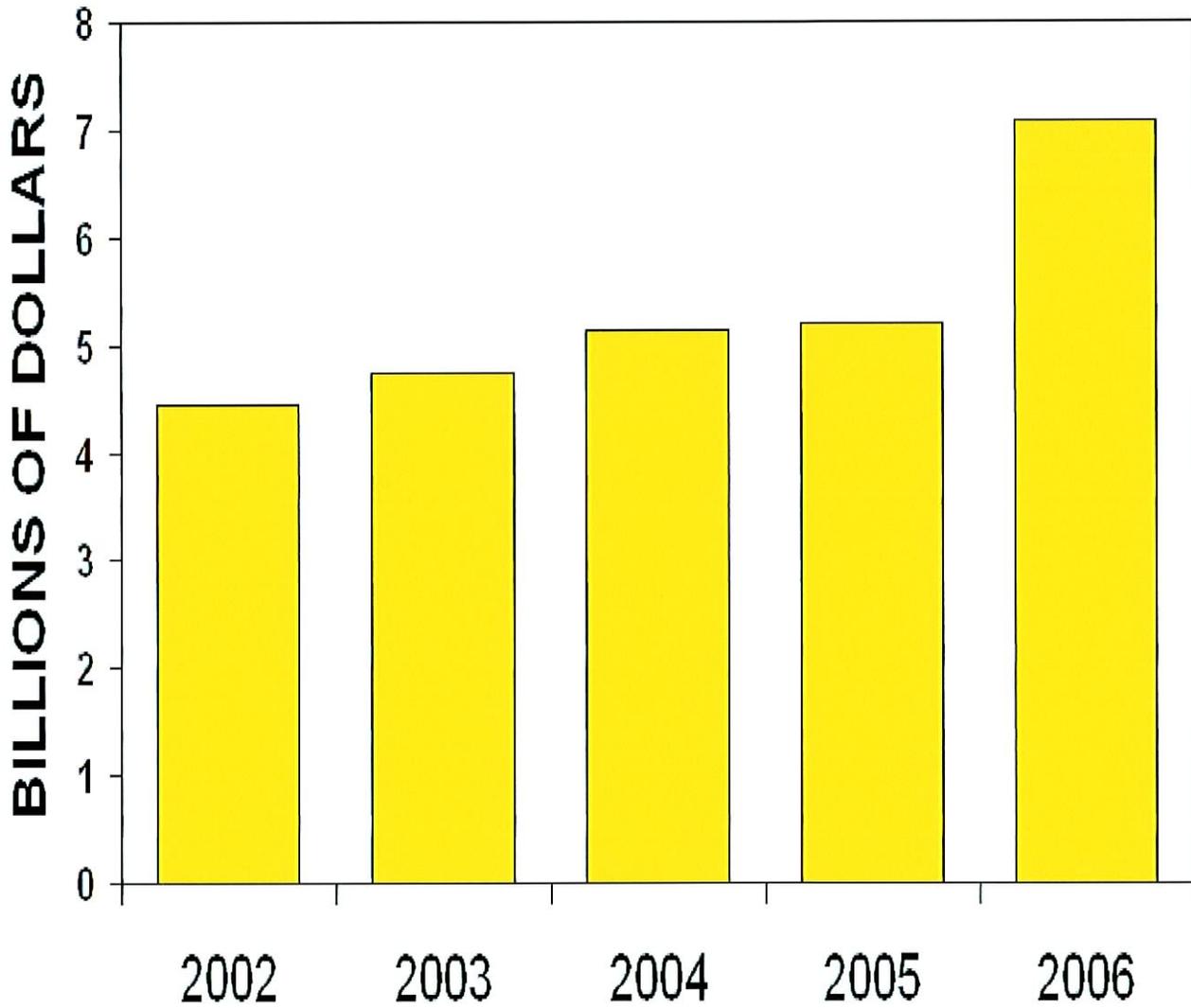


Percentage of Major Program Assistance  
286 Programs



**STATE OF MISSISSIPPI**  
**Total Federal Financial Assistance**

**Last Five Fiscal Years**



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**STATE OF MISSISSIPPI**

**SINGLE AUDIT REPORT**

**For the Year Ended June 30, 2006**

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**STATE OF MISSISSIPPI**  
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# I. AUDIT REPORTING





**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR**

**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 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, as of and for the year ended June 30, 2006, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 19, 2007. We did not audit the financial statements of:

■ Government-wide Financial Statements

● Governmental Activities

- the Health Care Trust Fund, 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, and selected funds at the Department of Corrections, the Department of Employment Security, the Military Department, the Mississippi Emergency Management Agency, and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 8% and 8%, respectively, of the assets and revenues of the Governmental Activities;

● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, AbilityWorks, Inc. within the Department of Rehabilitation Services, and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 88%, respectively, of the assets and revenues of the Business-type Activities;

● Component Units

- certain blended component units and other funds within the Universities which represent 25% and 25% respectively, of the assets and revenues of the Component Units and the nonmajor component units which represent 3% and 2%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 12% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 96% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

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

● Aggregate Remaining Funds

- selected nonmajor governmental funds at the Department of Corrections, the Department of Employment Security, the Military Department, the Mississippi Emergency Management Agency, and the Department of Wildlife, Fisheries and Parks;
- nonmajor enterprise funds for the Veterans' Home Purchase Board and AbilityWorks, Inc.;
- the Pension Trust Funds;
- the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 98% and 80%, respectively, of the assets and revenues of the Aggregate Remaining Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us. This report, insofar as it relates to the amounts included for the above mentioned entities, is based on the reports of the other auditors.

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. The financial statements of the University of Mississippi Foundation, the Mississippi State University Foundation, Inc., the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Tort Liability Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, the Medical Center Educational Building Corporation, and the University Hospitals and Clinics Fund of the University of Mississippi Medical Center, which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to the above mentioned entities, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the major component unit, Universities, which will be presented in a separate report issued by the Office of the State Auditor.

We and other auditors noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our and other auditors' judgment, could adversely affect the State of Mississippi's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings" as items 06-26 and 06-27.

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 basic 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. Our and the other auditors' consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-26 to be a material weakness.

We and the other auditors also noted other matters involving the internal control over financial reporting, which we have reported to management 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 basic financial statements are free of 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.

We did not perform tests of compliance with laws, regulations, contracts and grant agreements for the entities identified in the first paragraph of this report. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the above mentioned entities was based solely on the reports of the other auditors.

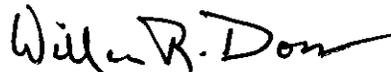
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*  
Page 4

The results of our tests and the reports of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain matters, which we have reported to management of the State of Mississippi in separate communications.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities 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.



**PHIL BRYANT**  
State Auditor



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

Jackson, Mississippi  
January 19, 2007



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**PHIL BRYANT**  
AUDITOR

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We and other auditors have audited the compliance of the State of Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. We did not audit the National Guard Military Operations and Maintenance Projects program, the National Guard Special Military Operations and Projects program, the Edward Byrne Memorial Formula Grant program, the Unemployment Insurance program, the State and Community Highway Safety program, the Capitalization Grants for Clean Water State Revolving Funds program, the Capitalization Grants for Drinking Water State Revolving Funds program, the Homeland Security Cluster program, the Disaster Unemployment Assistance program, and the Disaster Grants - Public Assistance program. Those programs were audited by other auditors whose reports have been furnished to us. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit and the audits of other auditors.

Except as discussed in the following paragraph, we and other auditors conducted our audits of compliance 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*. Those standards and OMB Circular A-133 require that we and other auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit, and the audits of other auditors, provide a reasonable basis for our opinion. Our audit, and the audits of other auditors, does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi or the Mississippi Authority for Educational Television. The audits of these federal programs were conducted in accordance with the provisions of OMB Circular A-133, and separate reports were issued.

Report on Compliance with Requirements  
Applicable to Each Major Program and on  
Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 2

As described in items 06-19, 06-21, 06-22, 06-23, and 06-24 in the accompanying schedule of findings and questioned costs, the State of Mississippi did not comply with requirements regarding allowable costs/cost principles and subrecipient monitoring that are applicable to the Edward Byrne Memorial Formula Grant program, the State and Community Highway Safety program, and the State Domestic Preparedness Equipment Support Program. Also, as described in item 06-25, the State of Mississippi did not comply with requirements regarding subrecipient monitoring that are applicable to the Disaster Grants - Public Assistance program. Compliance with such requirements is necessary, in our opinion, for the State of Mississippi to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. We did not test the transactions and records of the major federal programs administered by the state's public universities or the Mississippi Authority for Educational Television for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures disclosed additional instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 06-05, 06-07, 06-08, 06-10, 06-11, 06-12, 06-13, 06-16, 06-17, and 06-18.

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

#### Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing the audit, we and other auditors considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities and the Mississippi Authority for Educational Television as discussed in the third paragraph of this report.

We and other auditors noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our and other auditors' judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 06-01, 06-02, 06-03, 06-04, 06-14, 06-15, 06-16, 06-19, 06-20, 06-28, 06-29, 06-30, and 06-31.

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 the 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. Our and the other auditors' consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, items 06-19, 06-30, and 06-31 are considered to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

#### Schedule of Expenditures of Federal Awards

We have audited 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 as of and for the year ended June 30, 2006, and have issued our report thereon dated January 19, 2007. We did not audit the financial statements of:

#### ■ Government-wide Financial Statements

##### ● Governmental Activities

- the Health Care Trust Fund, 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, and selected funds at the Department of Corrections, the Department of Employment Security, the Military Department, the Mississippi Emergency Management Agency, and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 8% and 8%, respectively, of the assets and revenues of the Governmental Activities;

##### ● Business-type Activities

- the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, AbilityWorks, Inc. within the Department of Rehabilitation Services, and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 88%, respectively, of the assets and revenues of the Business-type Activities;

##### ● Component Units

- certain blended component units and other funds within the Universities which represent 25% and 25%, respectively, of the assets and revenues of the Component Units and the nonmajor component units which represent 3% and 2%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 12% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 96% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

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

● Aggregate Remaining Funds

- selected nonmajor governmental funds at the Department of Corrections, the Department of Employment Security, the Military Department, the Mississippi Emergency Management Agency, and the Department of Wildlife, Fisheries and Parks;
- nonmajor enterprise funds for the Veterans' Home Purchase Board and AbilityWorks, Inc.;
- the Pension Trust Funds;
- the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 98% and 80%, respectively, of the assets and revenues of the Aggregate Remaining Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion, insofar as it relates to the amounts included for the above named entities, is based on the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities and the Mississippi Authority for Educational Television from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities and the Mississippi Authority for Educational Television were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports were issued.

Report on Compliance with Requirements  
Applicable to Each Major Program and on  
Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 5

Our audit and the audits of the other auditors were performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the State of Mississippi and on the entities listed above, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effects of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**PHIL BRYANT**  
State Auditor



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

Jackson, Mississippi  
May 14, 2007, except for the Schedule of Expenditures of Federal Awards, as to which the date is  
January 19, 2007.

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**Schedule of Expenditures of Federal Awards  
by Federal Department**



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
07.UN	High Intensity Drug Trafficking Area	Narcotics / Public Safety	612,016
			<b>612,016</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce / Animal Health	1,077,644
10.163	Market Protection and Promotion	Agriculture and Commerce	21,605
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,315,520
10.550	@ Food Donation	Education	12,995,672
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Education / Health	65,442,842
10.558	Child and Adult Care Food Program	Education	27,304,009
10.560	State Administrative Expenses for Child Nutrition	Education	2,230,056
10.565	Commodity Supplemental Food Program	Health	357,309
10.574	Team Nutrition Grants	Education	107,729
10.664	Cooperative Forestry Assistance	Agriculture and Commerce / Forestry Commission	2,271,377
10.677	Forest Land Enhancement Program	Forestry Commission	22,716
10.902	Soil and Water Conservation	Soil & Water Conservation Commission	2,320,270
10.950	Agricultural Statistics Reports	Agriculture and Commerce	113,338
10.UN	Assistance to Eligible Catfish Producers	Agriculture and Commerce	10,762,500
<b>SUBTOTAL</b>			<b>126,342,587</b>
<b>Food Stamp Cluster</b>			
10.551	@ Food Stamps	Human Services	564,123,671
10.561	State Administrative Matching Grants for Food Stamp Program	Human Services	27,641,612
<b>Total Food Stamp Cluster</b>			<b>591,765,283</b>

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	Federal Department/Program Name		Federal Expenditures Distributions/ Issuances
<b>Child Nutrition Cluster</b>			
10.553	School Breakfast Program	Education	41,079,145
10.555	National School Lunch Program	Education	121,754,233
10.556	Special Milk Program for Children	Education	5,347
10.559	Summer Food Service Program for Children	Education	4,156,187
<b>Total Child Nutrition Cluster</b>			166,994,912
<b>Emergency Food Assistance Cluster</b>			
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	615,321
10.569	@ Emergency Food Assistance Program (Food Commodities)	Human Services	2,937,630
<b>Total Emergency Food Assistance Cluster</b>			3,552,951
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			888,655,733
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.302	Economic Development-Support for Planning Organizations	MS Development Authority	2,225,380
11.407	Interjurisdictional Fisheries Act of 1986	Marine Resources	87,230
11.419	Coastal Zone Management Administration Awards	Environmental Quality / Marine Resources / Secretary of State	3,300,265
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	567,946
11.433	Marine Fisheries Initiative	Marine Resources	1,500,000
11.434	Cooperative Fishery Statistics	Marine Resources	78,987
11.463	Habitat Conservation	Marine Resources	128,553
11.545	Shellfish Restoration	Marine Resources	970,298
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			8,858,659
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.002	Procurement Technical Assistance For Business Firms	MS Development Authority	420,625

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	136,350
12.400	Military Construction, National Guard	Military Department	1,776,539-
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	43,445,463
12.402	National Guard Special Military Operations and Projects	Military Department	6,578,455
12.404	National Guard Civilian Youth Opportunities	Military Department	3,364,789
12.405	National Guard Drug Interdiction and Counter Drug Activities	Military Department	273,528
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	155,320
12.UN2	Wildlife Mitigation Projects (Passed-through from the U.S.Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-543, DACW01-3-91-500, DACW01-3-92-411, DACW01-3-92-410, DACW-38-91-H-010 and DACW-38-91-H-007.	Wildlife, Fisheries and Parks	1,845,008
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>54,442,999</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
14.228	Community Development Block Grants/State's Program	MS Development Authority	47,793,774
14.231	Emergency Shelter Grants Program	MS Development Authority	1,258,295
14.239	HOME Investment Partnerships Program	MS Development Authority	14,479,275
14.241	Housing Opportunities for Persons with AIDS	Education / Health	344,564
14.466	Developing and Enhancing Prescription Drug Monitoring Programs Funding	Pharmacy Board	123,799
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>63,999,707</b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	108,545
15.612	Rare and Endangered Species Conservation	Wildlife, Fisheries and Parks	56,605
15.616	Clean Vessel Act	Marine Resources	160,627
15.622	Sportfishing and Boating Safety Act	Marine Resources	32,129

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**STATE OF MISSISSIPPI**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2006**

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
15.808	U.S. Geological Survey- Research and Data Collection	Environmental Quality	172,243
15.810	National Cooperative Geologic Mapping Program	Environmental Quality	108,908
15.904	Historic Preservation Fund Grants-In-Aid	Archives and History	502,114
15.916	Outdoor Recreation-Acquisition, Development and Planning	Wildlife, Fisheries and Parks	1,186,813
<b>SUBTOTAL</b>			<u>2,327,984</u>
<b>Fish and Wildlife Cluster</b>			
15.605	Sport Fish Restoration	Marine Resources / Wildlife, Fisheries and Parks	5,636,602
15.611	Wildlife Restoration	Wildlife, Fisheries and Parks	845,265
<b>Total Fish and Wildlife Cluster</b>			<u>6,481,867</u>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			<u>8,809,851</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	Corrections	443,435
16.523	Juvenile Accountability Incentive Block Grants	Public Safety	2,394,091
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	Public Safety	529,900
16.548	Title V-Delinquency Prevention Program	Public Safety	143,221
16.549	Part E-State Challenge Activities	Public Safety	105,386
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	265,167
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	660,677
16.575	Crime Victim Assistance	Public Safety	3,230,557
16.576	Crime Victim Compensation	Attorney General	661,000
16.579	Edward Byrne Memorial Formula Grant Program	Public Safety	4,960,007
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	Education	51,623
16.588	Violence Against Women Formula Grants	Public Safety	1,118,171

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	Federal Department/Program Name		Federal Expenditures Distributions/ Issuances
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	325,500
16.592	Local Law Enforcement Block Grants Program	Public Safety	124,412
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	702,889
16.606	State Criminal Alien Assistance Program	Corrections	20,548
16.609	Community Prosecution and Project Safe Neighborhoods	Public Safety	181,070
16.727	Enforcing Underage Drinking Laws Program	Public Safety	392,977
16.UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	64,429
16.UN1	COPS Methamphetamine Grant	Narcotics	343,920
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>16,718,980</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
17.002	Labor Force Statistics	Employment Security	818,257
17.005	Compensation and Working Conditions	Health	11,995
17.203	Labor Certification for Alien Workers	Employment Security	71,238
17.225 #	Unemployment Insurance	Employment Security	277,616,710
17.235	Senior Community Service Employment Program	Human Services	909,775
17.245	Trade Adjustment Assistance	Employment Security	5,075,253
17.250	Job Training Partnership Act	MS Development Authority	467
17.261	WIA Pilots, Demonstrations, and Research Projects	Bd for Community and Junior Colleges / Employment Security	2,670,921
17.266	Work Incentive Grants	Employment Security / MS Development Authority	455,078
17.267	Incentive Grants-WIA Section 503	Employment Security	750,000
17.504	Consultation Agreements	Health	38,789
17.600	Mine Health and Safety Grants	Environmental Quality	35,825
17.UN	Job Corps	Employment Security	714,308

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	Federal Department/Program Name		Federal Expenditures Distributions/ Issuances
<b>SUBTOTAL</b>			<b>289,168,616</b>
<b>Employment Service Cluster</b>			
17.207	Employment Service/Wagner-Peyser Funded Activities	Employment Security	7,864,983
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	545,237
17.804	Local Veterans' Employment Representative Program	Employment Security	960,257
<b>Total Employment Service Cluster</b>			<b>9,370,477</b>
<b>WIA Cluster</b>			
17.258	WIA Adult Program	Employment Security / MS Development Authority	15,933,614
17.259	WIA Youth Activities	Employment Security / MS Development Authority	11,851,765
17.260	WIA Dislocated Workers	Employment Security / MS Development Authority	41,383,825
<b>Total WIA Cluster</b>			<b>69,169,204</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>367,708,297</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.106	Airport Improvement Program	Transportation	135,993
20.217	Motor Carrier Safety	Public Safety	2,821,495
20.219	Recreational Trails Program	Wildlife, Fisheries and Parks	1,559,394
20.2NA	Fatal Analysis Reporting System	Public Safety	61,614
20.313	Railroad Research and Development	Transportation	231,743
20.505	Federal Transit-Metropolitan Planning Grants	Transportation	232,450
20.509	Formula Grants for Other Than Urbanized Areas	Transportation	5,770,425
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	372,827
20.700	Pipeline Safety	Public Service Commission	189,200
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	194,894
<b>SUBTOTAL</b>			<b>11,570,035</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<b>Highway Planning and Construction Cluster</b>		
20.205	Highway Planning and Construction      Tax Commission / Transportation	775,927,749
	<b>Total Highway Planning and Construction Cluster</b>	<u>775,927,749</u>
<b>Highway Safety Cluster</b>		
20.600	State and Community Highway Safety      Public Safety	5,484,203
	<b>Total Highway Safety Cluster</b>	<u>5,484,203</u>
<b>Federal Transit Cluster</b>		
20.500	Federal Transit-Capital Investment Grants      Transportation	470,674
	<b>Total Federal Transit Cluster</b>	<u>470,674</u>
	<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>	<u>793,452,661</u>
<b>APPALACHIAN REGIONAL COMMISSION</b>		
23.002	Appalachian Area Development      MS Development Authority	512,491
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects      Education / MS Development Authority	214,099
	<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>	<u>726,590</u>
<b>GENERAL SERVICES ADMINISTRATION</b>		
39.003	@ Donation of Federal Surplus Personal Property      Finance and Administration	1,290,344
39.011	Election Reform Payments      Secretary of State	748,211
	<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>	<u>2,038,555</u>
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>		
45.024	Promotion of the Arts-Grants to Organizations and Individuals      Arts Commission	7,241
45.025	Promotion of the Arts-Partnership Agreements      Arts Commission	520,830
45.026	Promotion of the Arts-Leadership Initiatives      Arts Commission	12,708
45.130	Promotion of the Humanities-Challenge Grants      Archives and History	6,143
45.303	Conservation Project Support      Archives and History	182,985
45.310	Grants to States      Library Commission	1,761,200

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<b>TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>		<b>2,491,107</b>
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>		
64.005	Grants to States for Construction of State Home Facilities      Veterans Affairs Board	1,603,897
64.124	All-Volunteer Force Educational Assistance      Veterans Affairs Board	54,563
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>		<b>1,658,460</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.032	State Indoor Radon Grants      Health	48,884
66.202	Congressionally Mandated Projects      Environmental Quality / Marine Resources	593,467
66.432	State Public Water System Supervision      Health	1,185,260
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act      Environmental Quality	61,307
66.454	Water Quality Management Planning      Environmental Quality	101,357
66.458	Capitalization Grants for Clean Water State Revolving Funds      Environmental Quality	165,357
66.460	Nonpoint Source Implementation Grants      Environmental Quality	2,747,948
66.461	Regional Wetland Program Development Grants      Marine Resources	91,617
66.463	Water Quality Cooperative Agreements      Environmental Quality	233,909
66.467	Wastewater Operator Training Grant Program (Technical Assistance)      Environmental Quality	47,675
66.468	Capitalization Grants for Drinking Water State Revolving Funds      Health	9,692,786
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs      Health	205,190
66.472	Beach Monitoring and Notification Program Implementation Grants      Environmental Quality	385,226
66.474	Water Protection Grants to the States      Health	67,897
66.475	Gulf of Mexico Program      Environmental Quality	35,769

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	Federal Department/Program Name		Federal Expenditures Distributions/ Issuances
66.500	Environmental Protection-Consolidated Research	Environmental Quality	10,955
66.605	Performance Partnership Grants	Agricultural Aviation Board / Environmental Quality	7,295,881
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	Environmental Quality	174,080
66.611	Environmental Policy and Innovation Grants	Environmental Quality	54,480
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture and Commerce	530,358
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	54,465
66.707	TSCA Title IV State Lead Grants Certification of Lead- Based Paint Professionals	Environmental Quality	347,841
66.708	Pollution Prevention Grants Program	Environmental Quality	24,989
66.709	Multi-Media Capacity Building Grants for States and Tribes	Environmental Quality	52,362
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	234,015
66.804	State and Tribal Underground Storage Tanks Program	Environmental Quality	132,269
66.805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,071,242
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	135,874
66.817	State and Tribal Response Program Grants	Environmental Quality	541,240
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<b>26,323,700</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.041	State Energy Program	MS Development Authority / Treasury	559,687
81.042	Weatherization Assistance for Low-Income Persons	Human Services	1,342,310
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant : States and Tribal Concerns, Proposed Solutions	Emergency Management	126,853
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	MS Development Authority	23,349

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
81.119	State Energy Program Special Projects	MS Development Authority	137,503
81.UN1	Petroleum Violation Escrow - Stripper Well	Treasury	612,920
81.UN2	Petroleum Violation Escrow - Citronelle/Exxon	Treasury	85,586
81.UN3	Petroleum Violation Escrow - Occidental	Treasury	19,668
81.UN5	Petroleum Violation Escrow - State Escrow	Treasury	7,445
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>2,915,321</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	6,169,974
84.010	Title I Grants to Local Educational Agencies	Education	164,545,848
84.011	Migrant Education-State Grant Program	Education	904,169
84.013	Title I Program for Neglected and Delinquent Children	Education	1,307,962
84.048	Vocational Education-Basic Grants to States	Education	13,852,719
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	43,861,103
84.169	Independent Living-State Grants	Rehabilitation Services	244,601
84.177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	364,269
84.181	Special Education-Grants for Infants and Families with Disabilities	Health	4,484,228
84.184	Safe and Drug-Free Schools and Communities-National Programs	Education	975,289
84.185	Byrd Honors Scholarships	Education	403,500
84.186	Safe and Drug-Free Schools and Communities-State Grants	Education / Public Safety	5,314,659
84.187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	302,327
84.196	Education for Homeless Children and Youth	Education	925,850
84.213	Even Start -State Educational Agencies	Education	2,186,330

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
84.215	Fund for the Improvement of Education	Education	132,869
84.224	Assistive Technology	Rehabilitation Services	431,222
84.243	Tech-Prep Education	Education	1,029,678
84.265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	169,148
84.287	Twenty-First Century Community Learning Centers	Education	10,950,185
84.293	Foreign Language Assistance	Education	129,603
84.298	State Grants for Innovative Programs	Education	2,276,264
84.305	Education Research, Development and Dissemination	Education	74,656
84.318	Education Technology State Grants	Education	8,159,742
84.323	Special Education - State Personnel Development	Education	4,000
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education	103,204
84.330	Advanced Placement Program	Education	109,922
84.331	Grants to States for Incarcerated Youth Offenders	Education	393,496
84.332	Comprehensive School Reform Demonstration	Education	2,759,962
84.336	Teacher Quality Enhancement Grants	Education	237,649
84.346	Vocational Education-Occupational and Employment Information State Grants	Employment Security	51,415
84.350	Transition to Teaching	Education	142,050
84.351	Arts in Education	Arts Commission	84,775
84.357	Reading First State Grants	Education	12,792,309
84.358	Rural Education	Education	6,670,396
84.365	English Language Acquisition Grants	Education	968,051
84.366	Mathematics and Science Partnerships	Education	1,878,091
84.367	Improving Teacher Quality State Grants	Education	41,518,890

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<b>CFDA Number</b>	<b>Federal Department/Program Name</b>		<b>Federal Expenditures Distributions/ Issuances</b>
84.369	Grants for State Assessments and Related Activities	Education	5,618,015
84.938	Hurricane Education Recovery	Education	168,077,180
<b>SUBTOTAL</b>			<b>510,605,600</b>
<b>Special Education Cluster (IDEA)</b>			
84.027	Special Education-Grants to States	Education	114,599,831
84.173	Special Education-Preschool Grants	Education	4,721,285
<b>Total Special Education Cluster (IDEA)</b>			<b>119,321,116</b>
<b>TRIO Cluster</b>			
84.044	TRIO-Talent Search	Education	372,124
<b>Total TRIO Cluster</b>			<b>372,124</b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>630,298,840</b>
<b>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>			
89.003	National Historical Publications and Records Grants	Archives and History	1,715
<b>TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>			<b>1,715</b>
<b>ELECTIONS ASSISTANCE COMMISSION</b>			
90.401	Help America Vote Act Requirements Payments	Secretary of State	8,070,200
<b>TOTAL ELECTIONS ASSISTANCE COMMISSION</b>			<b>8,070,200</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.003	Public Health and Social Services Emergency Fund	Health	3,570,464
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	Health	32,663
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	52,754
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	90,447
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Human Services	190,955

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.048	Special Programs for the Aging-Title IV-and Title II- Discretionary Projects	Human Services	399,348
93.051	Alzheimer's Disease Demonstration Grants to States	Mental Health	139,009
93.052	National Family Caregiver Support	Human Services	1,673,833
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	608,515
93.110	Maternal and Child Health Federal Consolidated Programs	Health	118,664
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	907,856
93.127	Emergency Medical Services for Children	Health	185,029
93.130	Primary Care Services Resource Coordination and Development	Health	150,867
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	618,167
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	264,815
93.161	Health Program for Toxic Substances and Disease Registry	Health	511
93.217	Family Planning-Services	Health	4,643,670
93.230	Consolidated Knowledge Development and Application (KD&A) Program	Mental Health	1,256,607
93.235	Abstinence Education Program	Health	460,842
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	Mental Health	50,611
93.241	State Rural Hospital Flexibility Program	Health	622,788
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	Mental Health	187,582
93.251	Universal Newborn Hearing Screening	Health	140,743
93.259	Rural Access to Emergency Devices Grant	Health	58,611
93.268	@ Immunization Grants	Health	20,293,274
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	16,493,897

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA</u> <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal</u> <u>Expenditures</u> <u>Distributions/</u> <u>Issuances</u>
93.301	Small Rural Hospital Improvement Grant Program	Health	461,311
93.556	Promoting Safe and Stable Families	Human Services	5,691,551
93.558	Temporary Assistance for Needy Families	Human Services	83,444,610
93.563	Child Support Enforcement	Human Services	13,511,641
93.566	Refugee and Entrant Assistance-State Administered Programs	Human Services	568,801
93.568	Low-Income Home Energy Assistance	Human Services	24,863,157
93.569	Community Services Block Grant	Human Services	9,499,186
93.570	Community Services Block Grant-Discretionary Awards	Human Services	31,309
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	Human Services	51,504
93.576	Refugee and Entrant Assistance-Discretionary Grants	Health / Human Services	103,031
93.585	Empowerment Zones Program	MS Development Authority	1,892,029
93.586	State Court Improvement Program	Supreme Court	278,492
93.597	Grants to States for Access and Visitation Programs	Human Services	124,756
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	142,102
93.600	Head Start	Education / Governor's Office	175,283
93.603	Adoption Incentive Payments	Human Services	168,674
93.617	Voting Access for Individuals with Disabilities-Grants to States	Secretary of State	275,296
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	894,881
93.643	Children's Justice Grants to States	Human Services	147,463
93.645	Child Welfare Services-State Grants	Human Services	3,771,681
93.658	Foster Care-Title IV-E	Human Services	5,721,768
93.659	Adoption Assistance	Human Services	4,391,499
93.667	Social Services Block Grant	Human Services	16,316,328

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA</u> <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal</u> <u>Expenditures</u> <u>Distributions/</u> <u>Issuances</u>
93.669	Child Abuse and Neglect State Grants	Human Services	379,717
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	1,012,543
93.674	Chafee Foster Care Independence Program	Human Services	767,661
93.767	State Children's Insurance Program	Medicaid	109,984,099
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Human Services / Medicaid / Mental Health	762,265
93.913	Grants to States for Operation of Offices of Rural Health	Health	60,304
93.917	HIV Care Formula Grants	Health	9,436,982
93.926	Healthy Start Initiative	Health	329,944
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	147,555
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	Health	1,805,274
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	364,586
93.945	Assistance Programs for Chronic Disease Prevention and Control	Education / Health	370,023
93.952	Trauma Care Systems Planning and Development	Health	2,026
93.958	Block Grants for Community Mental Health Services	Mental Health	4,428,843
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	14,971,261
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	1,243,170
93.982	Mental Health Disaster Assistance and Emergency Mental Health	Mental Health	5,442,312
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	288,806
93.991	Preventive Health and Health Services Block Grant	Health	1,796,594

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
93.994	@ Maternal and Child Health Services Block Grant to the States	Health	10,536,796
<b>SUBTOTAL</b>			<b>389,869,636</b>
<b>Aging Cluster</b>			
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	3,299,712
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Human Services	4,219,082
93.053	Nutrition Services Incentive Program	Human Services	1,433,949
<b>Total Aging Cluster</b>			<b>8,952,743</b>
<b>CCDF Cluster</b>			
93.575	Child Care and Development Block Grant	Human Services	37,604,804
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	21,138,524
<b>Total CCDF Cluster</b>			<b>58,743,328</b>
<b>Medicaid Cluster</b>			
93.775	State Medicaid Fraud Control Units	Attorney General	1,294,779
93.776	Hurricane Katrina Relief	Medicaid	445,428,711
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health / Medicaid	3,497,994
93.778	Medical Assistance Program	Medicaid	2,432,991,536
<b>Total Medicaid Cluster</b>			<b>2,883,213,020</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>3,340,778,727</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
94.004	Learn and Serve America-School and Community Based Programs	Education	257,291
94.007	Planning and Program Development Grants	Education	38,384
<b>SUBTOTAL</b>			<b>295,675</b>
<b>Foster Grandparent/Senior Companion Cluster</b>			
94.016	Senior Companion Program	Human Services	121,078

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
	<b>Total Foster Grandparent/Senior Companion Cluster</b>		121,078
	<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		416,753
	<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>		
96.008	Social Security-Work Incentives Planning and Assistance Program	Rehabilitation Services	744,031
	<b>SUBTOTAL</b>		744,031
	<b>Disability Insurance/SSI Cluster</b>		
96.001	Social Security-Disability Insurance	Rehabilitation Services	24,258,931
	<b>Total Disability Insurance/SSI Cluster</b>		24,258,931
	<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>		25,002,962
	<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>		
97.001	Pilot Demonstration or Earmarked Projects	Emergency Management	1,135,380
97.012	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	1,211,340
97.020	Hazardous Materials Training Program	Emergency Management	882
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Emergency Management	55,115
97.029	Flood Mitigation Assistance	Emergency Management	110,588
97.032	Crisis Counseling	Emergency Management	3,002,978
97.034	Disaster Unemployment Assistance	Employment Security	86,659,894
97.036	Disaster Grants-Public Assistance	Emergency Management	723,540,143
97.039	Hazard Mitigation Grant	Emergency Management	2,314,496
97.041	National Dam Safety Program	Environmental Quality	146,675
97.043	State Fire Training Systems Grants	State Fire Academy	27,234
97.045	Cooperating Technical Partners	Environmental Quality	1,327,215
97.051	State and Local All Hazards Emergency Operations Planning	Emergency Management	186,686
97.052	Emergency Operations Centers	Emergency Management	1,980,784

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	Federal Department/Program Name		Federal Expenditures Distributions/ Issuances
97.054	Community Emergency Response Teams	Emergency Management	36,820
97.070	Map Modernization Management Support	Environmental Quality	149,970
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	Public Safety	708,525
<b>SUBTOTAL</b>			<b>822,594,725</b>
<b>Homeland Security Cluster</b>			
97.004	State Domestic Preparedness Equipment Support Program	Emergency Management / Public Safety	23,819,232
97.067	Homeland Security Grant Program	Public Safety	181,460
<b>Total Homeland Security Cluster</b>			<b>24,000,692</b>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			<b>846,595,417</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 7,090,577,250</b>

**EXPLANATION OF FOOTNOTE REFERENCE:**

Program Number with UN denotes unknown CFDA numbers.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$245,474,300 and federal expenditures of \$32,142,410.

@ Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**Schedule of Expenditures of Federal Awards  
by State Grantee Agency**



# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<u>Agricultural Aviation Board</u>		
ENVIRONMENTAL PROTECTION AGENCY		
66.605	Performance Partnership Grants	12,683
<b>TOTAL Agricultural Aviation Board</b>		<b>12,683</b>
<u>Agriculture and Commerce</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	384,854
10.163	Market Protection and Promotion	21,605
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,315,520
10.664	Cooperative Forestry Assistance	50,000
10.950	Agricultural Statistics Reports	113,338
10.UN	Assistance to Eligible Catfish Producers	10,762,500
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>		<b>12,647,817</b>
ENVIRONMENTAL PROTECTION AGENCY		
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	530,358
<b>TOTAL Agriculture and Commerce</b>		<b>13,178,175</b>
<u>Animal Health</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	692,790
<b>TOTAL Animal Health</b>		<b>692,790</b>
<u>Archives and History</u>		
U.S. DEPARTMENT OF THE INTERIOR		
15.904	Historic Preservation Fund Grants-In-Aid	502,114
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.130	Promotion of the Humanities-Challenge Grants	6,143
45.303	Conservation Project Support	182,985

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>	189,128
	<b>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>	
89.003	National Historical Publications and Records Grants	1,715
	<b>TOTAL Archives and History</b>	692,957
	<u><b>Arts Commission</b></u>	
	<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>	
45.024	Promotion of the Arts-Grants to Organizations and Individuals	7,241
45.025	Promotion of the Arts-Partnership Agreements	520,830
45.026	Promotion of the Arts-Leadership Initiatives	12,708
	<b>Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>	540,779
	<b>U.S. DEPARTMENT OF EDUCATION</b>	
84.351	Arts in Education	84,775
	<b>TOTAL Arts Commission</b>	625,554
	<u><b>Attorney General</b></u>	
	<b>U.S. DEPARTMENT OF JUSTICE</b>	
16.576	Crime Victim Compensation	661,000
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.775	State Medicaid Fraud Control Units	1,294,779
	<b>TOTAL Attorney General</b>	1,955,779
	<u><b>Bd for Community and Junior Colleges</b></u>	
	<b>U.S. DEPARTMENT OF LABOR</b>	
17.261	WIA Pilots, Demonstrations, and Research Projects	936,751
	<b>U.S. DEPARTMENT OF EDUCATION</b>	
84.002	Adult Education-State Grant Program	6,169,974

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>TOTAL Bd for Community and Junior Colleges</b>	<b>7,106,725</b>
	<b><u>Corrections</u></b>	
	<b>U.S. DEPARTMENT OF JUSTICE</b>	
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	443,435
16.606	State Criminal Alien Assistance Program	20,548
	<b>Total U.S. DEPARTMENT OF JUSTICE</b>	<b>463,983</b>
	<b>TOTAL Corrections</b>	<b>463,983</b>
	<b><u>Education</u></b>	
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>	
10.550 @	Food Donation	12,995,672
10.553	School Breakfast Program	41,079,145
10.555	National School Lunch Program	121,754,233
10.556	Special Milk Program for Children	5,347
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	1,180,900
10.558	Child and Adult Care Food Program	27,304,009
10.559	Summer Food Service Program for Children	4,156,187
10.560	State Administrative Expenses for Child Nutrition	2,230,056
10.574	Team Nutrition Grants	107,729
	<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>	<b>210,813,278</b>
	<b>U.S. DEPARTMENT OF DEFENSE</b>	
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	155,320
	<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>	
14.241	Housing Opportunities for Persons with AIDS	150,080
	<b>U.S. DEPARTMENT OF JUSTICE</b>	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	51,623
	<b>APPALACHIAN REGIONAL COMMISSION</b>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	1,775-
<b>U.S. DEPARTMENT OF EDUCATION</b>		
84.010	Title I Grants to Local Educational Agencies	164,545,848
84.011	Migrant Education-State Grant Program	904,169
84.013	Title I Program for Neglected and Delinquent Children	1,307,962
84.027	Special Education-Grants to States	114,599,831
84.044	TRIO-Talent Search	372,124
84.048	Vocational Education-Basic Grants to States	13,852,719
84.173	Special Education-Preschool Grants	4,721,285
84.184	Safe and Drug-Free Schools and Communities-National Programs	975,289
84.185	Byrd Honors Scholarships	403,500
84.186	Safe and Drug-Free Schools and Communities-State Grants	4,106,544
84.196	Education for Homeless Children and Youth	925,850
84.213	Even Start -State Educational Agencies	2,186,330
84.215	Fund for the Improvement of Education	132,869
84.243	Tech-Prep Education	1,029,678
84.287	Twenty-First Century Community Learning Centers	10,950,185
84.293	Foreign Language Assistance	129,603
84.298	State Grants for Innovative Programs	2,276,264
84.305	Education Research, Development and Dissemination	74,656
84.318	Education Technology State Grants	8,159,742
84.323	Special Education - State Personnel Development	4,000
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	103,204
84.330	Advanced Placement Program	109,922
84.331	Grants to States for Incarcerated Youth Offenders	393,496
84.332	Comprehensive School Reform Demonstration	2,759,962
84.336	Teacher Quality Enhancement Grants	237,649
84.350	Transition to Teaching	142,050
84.357	Reading First State Grants	12,792,309
84.358	Rural Education	6,670,396
84.365	English Language Acquisition Grants	968,051
84.366	Mathematics and Science Partnerships	1,878,091

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
84.367	Improving Teacher Quality State Grants	41,518,890
84.369	Grants for State Assessments and Related Activities	5,618,015
84.938	Hurricane Education Recovery	168,077,180
	<b>Total U.S. DEPARTMENT OF EDUCATION</b>	<b>572,927,663</b>
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.600	Head Start	283
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	147,555
93.945	Assistance Programs for Chronic Disease Prevention and Control	15,511
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	<b>163,349</b>
	<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>	
94.004	Learn and Serve America-School and Community Based Programs	257,291
94.007	Planning and Program Development Grants	38,384
	<b>Total CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>	<b>295,675</b>
	<b>TOTAL Education</b>	<b>784,555,213</b>
	<b><u>Emergency Management</u></b>	
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	194,894
	<b>U.S. DEPARTMENT OF ENERGY</b>	
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant : States and Tribal Concerns, Proposed Solutions	126,853
	<b>DEPARTMENT OF HOMELAND SECURITY</b>	
97.001	Pilot Demonstration or Earmarked Projects	1,135,380
97.004	State Domestic Preparedness Equipment Support Program	6,250,638
97.020	Hazardous Materials Training Program	882
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	55,115
97.029	Flood Mitigation Assistance	110,588
97.032	Crisis Counseling	3,002,978
97.036	Disaster Grants-Public Assistance	723,540,143
97.039	Hazard Mitigation Grant	2,314,496

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
97.051	State and Local All Hazards Emergency Operations Planning	186,686
97.052	Emergency Operations Centers	1,980,784
97.054	Community Emergency Response Teams	36,820
	<b>Total DEPARTMENT OF HOMELAND SECURITY</b>	738,614,510
	<b>TOTAL Emergency Management</b>	738,936,257
	<u>Employment Security</u>	
	<b>U.S. DEPARTMENT OF LABOR</b>	
17.002	Labor Force Statistics	818,257
17.203	Labor Certification for Alien Workers	71,238
17.207	Employment Service/Wagner-Peyser Funded Activities	7,864,983
17.225 #	Unemployment Insurance	277,616,710
17.245	Trade Adjustment Assistance	5,075,253
17.258	WIA Adult Program	16,482,909
17.259	WIA Youth Activities	11,826,206
17.260	WIA Dislocated Workers	40,840,813
17.261	WIA Pilots, Demonstrations, and Research Projects	1,734,170
17.266	Work Incentive Grants	629,065
17.267	Incentive Grants-WIA Section 503	750,000
17.801	Disabled Veterans' Outreach Program (DVOP)	545,237
17.804	Local Veterans' Employment Representative Program	960,257
17.UN	Job Corps	714,308
	<b>Total U.S. DEPARTMENT OF LABOR</b>	365,929,406
	<b>U.S. DEPARTMENT OF EDUCATION</b>	
84.346	Vocational Education-Occupational and Employment Information State Grants	51,415
	<b>DEPARTMENT OF HOMELAND SECURITY</b>	
97.034	Disaster Unemployment Assistance	86,659,894
	<b>TOTAL Employment Security</b>	452,640,715
	<u>Environmental Quality</u>	
	<b>U.S. DEPARTMENT OF COMMERCE</b>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<b>CFDA Number</b>	<b><u>State Agency/Federal Department/Program Name</u></b>	<b>Federal Expenditures Distributions/ Issuances</b>
11.419	Coastal Zone Management Administration Awards	1,395,379
<b>U.S. DEPARTMENT OF DEFENSE</b>		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	136,350
<b>U.S. DEPARTMENT OF THE INTERIOR</b>		
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	108,545
15.808	U.S. Geological Survey- Research and Data Collection	172,243
15.810	National Cooperative Geologic Mapping Program	108,908
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>	<b>389,696</b>
<b>U.S. DEPARTMENT OF LABOR</b>		
17.600	Mine Health and Safety Grants	35,825
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.202	Congressionally Mandated Projects	574,042
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	61,307
66.454	Water Quality Management Planning	101,357
66.458	Capitalization Grants for Clean Water State Revolving Funds	165,357
66.460	Nonpoint Source Implementation Grants	2,747,948
66.463	Water Quality Cooperative Agreements	233,909
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	47,675
66.472	Beach Monitoring and Notification Program Implementation Grants	385,226
66.475	Gulf of Mexico Program	35,769
66.500	Environmental Protection-Consolidated Research	10,955
66.605	Performance Partnership Grants	7,283,198
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	174,080
66.611	Environmental Policy and Innovation Grants	54,480
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	54,465
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	347,841
66.708	Pollution Prevention Grants Program	24,989
66.709	Multi-Media Capacity Building Grants for States and Tribes	52,362

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	234,015
66.804	State and Tribal Underground Storage Tanks Program	132,269
66.805	Leaking Underground Storage Tank Trust Fund Program	1,071,242
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	135,874
66.817	State and Tribal Response Program Grants	541,240
	<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>	14,469,600
	<b>DEPARTMENT OF HOMELAND SECURITY</b>	
97.041	National Dam Safety Program	146,675
97.045	Cooperating Technical Partners	1,327,215
97.070	Map Modernization Management Support	149,970
	<b>Total DEPARTMENT OF HOMELAND SECURITY</b>	1,623,860
	<b>TOTAL Environmental Quality</b>	18,050,710
	<u>Finance and Administration</u>	
	<b>GENERAL SERVICES ADMINISTRATION</b>	
39.003 @	Donation of Federal Surplus Personal Property	1,290,344
	<b>TOTAL Finance and Administration</b>	1,290,344
	<u>Forestry Commission</u>	
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>	
10.664	Cooperative Forestry Assistance	2,221,377
10.677	Forest Land Enhancement Program	22,716
	<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>	2,244,093
	<b>TOTAL Forestry Commission</b>	2,244,093
	<u>Governor's Office</u>	
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.600	Head Start	175,000
	<b>TOTAL Governor's Office</b>	175,000
	<u>Health</u>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	64,261,942
10.565	Commodity Supplemental Food Program	357,309
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>		<b>64,619,251</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
14.241	Housing Opportunities for Persons with AIDS	194,484
<b>U.S. DEPARTMENT OF LABOR</b>		
17.005	Compensation and Working Conditions	11,995
17.504	Consultation Agreements	38,789
<b>Total U.S. DEPARTMENT OF LABOR</b>		<b>50,784</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
66.032	State Indoor Radon Grants	48,884
66.432	State Public Water System Supervision	1,185,260
66.468	Capitalization Grants for Drinking Water State Revolving Funds	9,692,786
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	205,190
66.474	Water Protection Grants to the States	67,897
<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>		<b>11,200,017</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
84.181	Special Education-Grants for Infants and Families with Disabilities	4,484,228
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.003	Public Health and Social Services Emergency Fund	3,570,464
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	32,663
93.110	Maternal and Child Health Federal Consolidated Programs	118,664
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	907,856
93.127	Emergency Medical Services for Children	185,029
93.130	Primary Care Services Resource Coordination and Development	150,867
93.136	Injury Prevention and Control Research and State and Community Based Programs	618,167
93.161	Health Program for Toxic Substances and Disease Registry	511
93.217	Family Planning-Services	4,643,670

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.235	Abstinence Education Program	460,842
93.241	State Rural Hospital Flexibility Program	622,788
93.251	Universal Newborn Hearing Screening	140,743
93.259	Rural Access to Emergency Devices Grant	58,611
93.268 @	Immunization Grants	20,293,274
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	16,493,897
93.301	Small Rural Hospital Improvement Grant Program	461,311
93.576	Refugee and Entrant Assistance-Discretionary Grants	47,264
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	1,012,543
93.777	State Survey and Certification of Health Care Providers and Suppliers	1,824,986
93.913	Grants to States for Operation of Offices of Rural Health	60,304
93.917	HIV Care Formula Grants	9,436,982
93.926	Healthy Start Initiative	329,944
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	1,805,274
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	364,586
93.945	Assistance Programs for Chronic Disease Prevention and Control	354,512
93.952	Trauma Care Systems Planning and Development	2,026
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	1,243,170
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	288,806
93.991	Preventive Health and Health Services Block Grant	1,796,594
93.994 @	Maternal and Child Health Services Block Grant to the States	10,536,796
<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		77,863,144
<b>TOTAL Health</b>		158,411,908
 <b><u>Human Services</u></b>		
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.551 @	Food Stamps	564,123,671
10.561	State Administrative Matching Grants for Food Stamp Program	27,641,612
10.568	Emergency Food Assistance Program (Administrative Costs)	615,321
10.569 @	Emergency Food Assistance Program (Food Commodities)	2,937,630
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>		595,318,234

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
17.235	Senior Community Service Employment Program	909,775
<b>U.S. DEPARTMENT OF ENERGY</b>		
81.042	Weatherization Assistance for Low-Income Persons	1,342,310
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	52,754
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	90,447
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	190,955
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	3,299,712
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	4,219,082
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	399,348
93.052	National Family Caregiver Support	1,673,833
93.053	Nutrition Services Incentive Program	1,433,949
93.556	Promoting Safe and Stable Families	5,691,551
93.558	Temporary Assistance for Needy Families	83,444,610
93.563	Child Support Enforcement	13,511,641
93.566	Refugee and Entrant Assistance-State Administered Programs	568,801
93.568	Low-Income Home Energy Assistance	24,863,157
93.569	Community Services Block Grant	9,499,186
93.570	Community Services Block Grant-Discretionary Awards	31,309
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	51,504
93.575	Child Care and Development Block Grant	37,604,804
93.576	Refugee and Entrant Assistance-Discretionary Grants	55,767
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	21,138,524
93.597	Grants to States for Access and Visitation Programs	124,756
93.599	Chafee Education and Training Vouchers Program (ETV)	142,102
93.603	Adoption Incentive Payments	168,674
93.643	Children's Justice Grants to States	147,463
93.645	Child Welfare Services-State Grants	3,771,681

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.658	Foster Care-Title IV-E	5,721,768
93.659	Adoption Assistance	4,391,499
93.667	Social Services Block Grant	16,316,328
93.669	Child Abuse and Neglect State Grants	379,717
93.674	Chafee Foster Care Independence Program	767,661
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	524,713
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	240,277,296
	<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>	
94.016	Senior Companion Program	121,078
	<b>TOTAL Human Services</b>	837,968,693
	<u>Library Commission</u>	
	<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>	
45.310	Grants to States	1,761,200
	<b>TOTAL Library Commission</b>	1,761,200
	<u>Marine Resources</u>	
	<b>U.S. DEPARTMENT OF COMMERCE</b>	
11.407	Interjurisdictional Fisheries Act of 1986	87,230
11.419	Coastal Zone Management Administration Awards	1,154,886
11.420	Coastal Zone Management Estuarine Research Reserves	567,946
11.433	Marine Fisheries Initiative	1,500,000
11.434	Cooperative Fishery Statistics	78,987
11.463	Habitat Conservation	128,553
11.545	Shellfish Restoration	970,298
	<b>Total U.S. DEPARTMENT OF COMMERCE</b>	4,487,900
	<b>U.S. DEPARTMENT OF THE INTERIOR</b>	
15.605	Sport Fish Restoration	490,077
15.616	Clean Vessel Act	160,627
15.622	Sportfishing and Boating Safety Act	32,129

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>	682,833
	<b>ENVIRONMENTAL PROTECTION AGENCY</b>	
66.202	Congressionally Mandated Projects	19,425
66.461	Regional Wetland Program Development Grants	91,617
	<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>	111,042
	<b>TOTAL Marine Resources</b>	5,281,775
	<b><u>Medicaid</u></b>	
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.767	State Children's Insurance Program	109,984,099
93.776	Hurricane Katrina Relief	445,428,711
93.777	State Survey and Certification of Health Care Providers and Suppliers	1,673,008
93.778	Medical Assistance Program	2,432,991,536
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	29,021
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	2,990,106,375
	<b>TOTAL Medicaid</b>	2,990,106,375
	<b><u>Mental Health</u></b>	
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.051	Alzheimer's Disease Demonstration Grants to States	139,009
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	608,515
93.150	Projects for Assistance in Transition from Homelessness (PATH)	264,815
93.230	Consolidated Knowledge Development and Application (KD&A) Program	1,256,607
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	50,611
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	187,582
93.630	Developmental Disabilities Basic Support and Advocacy Grants	894,881
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	208,531
93.958	Block Grants for Community Mental Health Services	4,428,843
93.959	Block Grants for Prevention and Treatment of Substance Abuse	14,971,261
93.982	Mental Health Disaster Assistance and Emergency Mental Health	5,442,312

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	28,452,967
	<b>TOTAL Mental Health</b>	28,452,967
	<b><u>Military Department</u></b>	
	<b>U.S. DEPARTMENT OF DEFENSE</b>	
12.400	Military Construction, National Guard	1,776,539-
12.401	National Guard Military Operations and Maintenance (O&M) Projects	43,445,463
12.402	National Guard Special Military Operations and Projects	6,578,455
12.404	National Guard Civilian Youth Opportunities	3,364,789
12.405	National Guard Drug Interdiction and Counter Drug Activities	273,528
	<b>Total U.S. DEPARTMENT OF DEFENSE</b>	51,885,696
	<b>TOTAL Military Department</b>	51,885,696
	<b><u>MS Development Authority</u></b>	
	<b>U.S. DEPARTMENT OF COMMERCE</b>	
11.302	Economic Development-Support for Planning Organizations	2,225,380
	<b>U.S. DEPARTMENT OF DEFENSE</b>	
12.002	Procurement Technical Assistance For Business Firms	420,625
	<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>	
14.228	Community Development Block Grants/State's Program	47,793,774
14.231	Emergency Shelter Grants Program	1,258,295
14.239	HOME Investment Partnerships Program	14,479,275
	<b>Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>	63,531,344
	<b>U.S. DEPARTMENT OF LABOR</b>	
17.250	Job Training Partnership Act	467
17.258	WIA Adult Program	549,295-
17.259	WIA Youth Activities	25,559
17.260	WIA Dislocated Workers	543,012
17.266	Work Incentive Grants	173,987-
	<b>Total U.S. DEPARTMENT OF LABOR</b>	-154,244

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<b>APPALACHIAN REGIONAL COMMISSION</b>		
23.002	Appalachian Area Development	512,491
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	215,874
	<b>Total APPALACHIAN REGIONAL COMMISSION</b>	<b>728,365</b>
<b>U.S. DEPARTMENT OF ENERGY</b>		
81.041	State Energy Program	540,340
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	23,349
81.119	State Energy Program Special Projects	137,503
	<b>Total U.S. DEPARTMENT OF ENERGY</b>	<b>701,192</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.585	Empowerment Zones Program	1,892,029
	<b>TOTAL MS Development Authority</b>	<b>69,344,691</b>
<b><u>Narcotics</u></b>		
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>		
07.UN	High Intensity Drug Trafficking Area	530,867
<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.UN	Domestic Cannabis Eradication/Suppression Program	64,429
16.UN1	COPS Methamphetamine Grant	343,920
	<b>Total U.S. DEPARTMENT OF JUSTICE</b>	<b>408,349</b>
	<b>TOTAL Narcotics</b>	<b>939,216</b>
<b><u>Pharmacy Board</u></b>		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
14.466	Developing and Enhancing Prescription Drug Monitoring Programs Funding	123,799
	<b>TOTAL Pharmacy Board</b>	<b>123,799</b>
<b><u>Public Safety</u></b>		
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
07.UN	High Intensity Drug Trafficking Area	81,149
<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.523	Juvenile Accountability Incentive Block Grants	2,394,091
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	529,900
16.548	Title V-Delinquency Prevention Program	143,221
16.549	Part E-State Challenge Activities	105,386
16.554	National Criminal History Improvement Program (NCHIP)	265,167
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	660,677
16.575	Crime Victim Assistance	3,230,557
16.579	Edward Byrne Memorial Formula Grant Program	4,960,007
16.588	Violence Against Women Formula Grants	1,118,171
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	325,500
16.592	Local Law Enforcement Block Grants Program	124,412
16.593	Residential Substance Abuse Treatment for State Prisoners	702,889
16.609	Community Prosecution and Project Safe Neighborhoods	181,070
16.727	Enforcing Underage Drinking Laws Program	392,977
	<b>Total U.S. DEPARTMENT OF JUSTICE</b>	<b>15,134,025</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
20.217	Motor Carrier Safety	2,821,495
20.2NA	Fatal Analysis Reporting System	61,614
20.600	State and Community Highway Safety	5,484,203
	<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>	<b>8,367,312</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
84.186	Safe and Drug-Free Schools and Communities-State Grants	1,208,115
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
97.004	State Domestic Preparedness Equipment Support Program	17,568,594
97.067	Homeland Security Grant Program	181,460
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	708,525
	<b>Total DEPARTMENT OF HOMELAND SECURITY</b>	<b>18,458,579</b>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
	<b>TOTAL Public Safety</b>	<b>43,249,180</b>
	<b><u>Public Service Commission</u></b>	
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>	
20.700	Pipeline Safety	189,200
	<b>TOTAL Public Service Commission</b>	<b>189,200</b>
	<b><u>Rehabilitation Services</u></b>	
	<b>U.S. DEPARTMENT OF EDUCATION</b>	
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	43,861,103
84.169	Independent Living-State Grants	244,601
84.177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	364,269
84.187	Supported Employment Services for Individuals with Severe Disabilities	302,327
84.224	Assistive Technology	431,222
84.265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	169,148
	<b>Total U.S. DEPARTMENT OF EDUCATION</b>	<b>45,372,670</b>
	<b>SOCIAL SECURITY ADMINISTRATION</b>	
96.001	Social Security-Disability Insurance	24,258,931
96.008	Social Security-Work Incentives Planning and Assistance Program	744,031
	<b>Total SOCIAL SECURITY ADMINISTRATION</b>	<b>25,002,962</b>
	<b>TOTAL Rehabilitation Services</b>	<b>70,375,632</b>
	<b><u>Secretary of State</u></b>	
	<b>U.S. DEPARTMENT OF COMMERCE</b>	
11.419	Coastal Zone Management Administration Awards	750,000
	<b>GENERAL SERVICES ADMINISTRATION</b>	
39.011	Election Reform Payments	748,211
	<b>ELECTIONS ASSISTANCE COMMISSION</b>	
90.401	Help America Vote Act Requirements Payments	8,070,200

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.617	Voting Access for Individuals with Disabilities-Grants to States	275,296
	<b>TOTAL Secretary of State</b>	<b>9,843,707</b>
	<u>Soil &amp; Water Conservation Commission</u>	
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>	
10.902	Soil and Water Conservation	2,320,270
	<b>TOTAL Soil &amp; Water Conservation Commission</b>	<b>2,320,270</b>
	<u>State Fire Academy</u>	
	<b>DEPARTMENT OF HOMELAND SECURITY</b>	
97.043	State Fire Training Systems Grants	27,234
	<b>TOTAL State Fire Academy</b>	<b>27,234</b>
	<u>Supreme Court</u>	
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	
93.586	State Court Improvement Program	278,492
	<b>TOTAL Supreme Court</b>	<b>278,492</b>
	<u>Tax Commission</u>	
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>	
20.205	Highway Planning and Construction	758
	<b>TOTAL Tax Commission</b>	<b>758</b>
	<u>Transportation</u>	
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>	
20.106	Airport Improvement Program	135,993
20.205	Highway Planning and Construction	775,926,991
20.313	Railroad Research and Development	231,743

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
20.500	Federal Transit-Capital Investment Grants	470,674
20.505	Federal Transit-Metropolitan Planning Grants	232,450
20.509	Formula Grants for Other Than Urbanized Areas	5,770,425
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	372,827
<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>		<b>783,141,103</b>
<b>TOTAL Transportation</b>		<b>783,141,103</b>
 <u>Treasury</u>		
<b>U.S. DEPARTMENT OF ENERGY</b>		
81.041	State Energy Program	19,347
81.UN1	Petroleum Violation Escrow - Stripper Well	612,920
81.UN2	Petroleum Violation Escrow - Citronelle/Exxon	85,586
81.UN3	Petroleum Violation Escrow - Occidental	19,668
81.UN5	Petroleum Violation Escrow - State Escrow	7,445
<b>Total U.S. DEPARTMENT OF ENERGY</b>		<b>744,966</b>
<b>TOTAL Treasury</b>		<b>744,966</b>
 <u>Veterans Affairs Board</u>		
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>		
64.005	Grants to States for Construction of State Home Facilities	1,603,897
64.124	All-Volunteer Force Educational Assistance	54,563
<b>Total U.S. DEPARTMENT OF VETERANS AFFAIRS</b>		<b>1,658,460</b>
<b>TOTAL Veterans Affairs Board</b>		<b>1,658,460</b>
 <u>Wildlife, Fisheries and Parks</u>		
<b>U.S. DEPARTMENT OF DEFENSE</b>		
12.UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-543, DACW01-3-91-500, DACW01-3-92-411, DACW01-3-92-410, DACW-38-91-H-010 and DACW-38-91-H-007.	1,845,008
 <b>U.S. DEPARTMENT OF THE INTERIOR</b>		
15.605	Sport Fish Restoration	5,146,525
15.611	Wildlife Restoration	845,265
15.612	Rare and Endangered Species Conservation	56,605

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2006

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
15.916	Outdoor Recreation-Acquisition, Development and Planning	1,186,813
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>	7,235,208
	<b>U.S. DEPARTMENT OF TRANSPORTATION</b>	
20.219	Recreational Trails Program	1,559,394
	<b>DEPARTMENT OF HOMELAND SECURITY</b>	
97.012	Boating Safety Financial Assistance	1,211,340
	<b>TOTAL Wildlife, Fisheries and Parks</b>	11,850,950
	<b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>	\$ 7,090,577,250

**EXPLANATION OF FOOTNOTE REFERENCE:**

Program Number with UN denotes unknown CFDA numbers.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$245,474,300 and federal expenditures of \$32,142,410.

@ Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**Notes to the  
Schedules of Expenditures of Federal Awards**



## STATE OF MISSISSIPPI

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### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2006

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#### **NOTE 1: PURPOSE OF THE SCHEDULES**

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

A. **Basis of Presentation** - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.

- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.
- Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2006, federal expenditures, distributions or issuances totaled \$7,090,577,250. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$21,271,732. For the fiscal year 2006 audit, eight Type A programs were identified as low risk. Risk assessments of Type B programs were performed until eight high risk Type B programs were identified. Twenty-three federal award programs, comprising 15 high risk Type A programs and eight high risk Type B programs, were audited as major programs for the State of Mississippi.

## STATE OF MISSISSIPPI

### Notes to the Schedules of Expenditures of Federal Awards (continued)

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- *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.

B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs of the Mississippi Authority for Educational Television and for those programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2006. The Mississippi Authority for Educational Television engaged other auditors to perform an audit in accordance with OMB Circular A-133, and a separate report was issued September 29, 2006. Expenditures of federal awards provided to the state's public universities and related entities were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by June 30, 2007.

C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2006, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The state issues food stamp benefits in electronic form, and benefits are recognized as expenditures when recipients use the benefits.

**STATE OF MISSISSIPPI**  
**Notes to the Schedules of Expenditures of Federal Awards (continued)**

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D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:

1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

**NOTE 3: OTHER**

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$1,290,344. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2006, as charges for sales and services of \$614,000. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for grants and new loans totaling \$326,765. Program income generated by the program in previous years was used to make these grants and new loan payments. In subsequent years, the program income generated from the repayment of loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2006, the outstanding loan balance for the program totaled \$9,312,044.
- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 245,474,300
Federal Portion	<u>32,142,410</u>
Total	<u>\$ 277,616,710</u>

**STATE OF MISSISSIPPI**

**Notes to the Schedules of Expenditures of Federal Awards (continued)**

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- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2006, was \$280,367,901. Total disbursements for new loans for the year ended June 30, 2006, totaled \$51,839,350. Administrative costs associated with the program for the year ended June 30, 2006, totaled \$1,048,061.
  
- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2006, was \$74,871,097. Total disbursements for new loans made during fiscal year 2006 totaled \$8,421,373. Administrative costs associated with the program for the year ended June 30, 2006, totaled \$805,524.
  
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$44,112,981 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.
  
- H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number. A listing of these programs follows:

<b><u>CFDA</u></b>	<b><u>Program Name</u></b>
<b><u>Number</u></b>	
10.550	Food Donation
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

**STATE OF MISSISSIPPI**  
**Notes to the Schedules of Expenditures of Federal Awards (continued)**

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- *CFDA 93.268 — Immunization Grants received \$20,293,274 including cash assistance and noncash assistance. Cash assistance totaled \$2,468,085 and noncash assistance totaled \$17,825,189.*
- *CFDA 93.994 - Maternal and Child Health Services Block Grant to the States received \$10,536,796, including cash assistance and noncash assistance. Cash assistance totaled \$10,495,434 and noncash assistance totaled \$41,362.*

I. The State of Mississippi's major federal programs for the year ended June 30, 2006, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

<b>CFDA Number</b>	<b>Program Name</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
12.401	National Guard Military Operations and Maintenance (O&M) Projects
12.402	National Guard Special Military Operations and Projects
14.228	Community Development Block Grants/State's Program
14.239	HOME Investment Partnerships Program
16.579	Edward Byrne Memorial Formula Grant Program
17.225	Unemployment Insurance
	Highway Safety Cluster:
20.600	State and Community Highway Safety
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.367	Improving Teacher Quality State Grants
84.938	Hurricane Education Recovery
93.767	State Children's Insurance Program

**STATE OF MISSISSIPPI**  
**Notes to the Schedules of Expenditures of Federal Awards (concluded)**

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Medicaid Cluster:

93.775 State Medicaid Fraud Control Units  
93.776 Hurricane Katrina Relief  
93.777 State Survey and Certification of Health Care Providers and Suppliers  
93.778 Medical Assistance Program

93.991 Preventative Health and Health Services Block Grant

Disability Insurance/SSI Cluster:

96.001 Social Security - Disability Insurance

Homeland Security Cluster:

97.004 State Domestic Preparedness Equipment Support Program  
97.067 Homeland Security Grant Program

97.034 Disaster Unemployment Assistance  
97.036 Disaster Grants - Public Assistance

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



STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

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PART 1 - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? X yes    \_\_\_no
- Reportable conditions identified that are not considered to be material weaknesses? X yes    \_\_\_none reported

Noncompliance material to financial statements noted?

\_\_\_yes    Xno

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? X yes    \_\_\_no
- Reportable conditions identified that are not considered to be material weaknesses? X yes    \_\_\_none reported

Type of auditor's report issued on compliance for major programs:

**Unqualified for all major programs except for: the state's public universities and the Mississippi Authority for Educational Television, for which separate reports were issued; and, the following programs, for which a qualified opinion was issued-the Edward Byrne Memorial Formula Grant program, the State and Community Highway Safety program, the State Domestic Preparedness Equipment Support program, and the Disaster Grants-Public Assistance program.**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

X yes    \_\_\_no

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (continued)**

Identification of major programs:

<b>CFDA Number</b>	<b>Program Name</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
12.401	National Guard Military Operations and Maintenance (O&M) Projects
12.402	National Guard Special Military Operations and Projects
14.228	Community Development Block Grants/State's Program
14.239	HOME Investment Partnerships Program
16.579	Edward Bryne Memorial Formula Grant Program
17.225	Unemployment Insurance
	Highway Safety Cluster:
20.600	State and Community Highway Safety
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.367	Improving Teacher Quality State Grants
84.938	Hurricane Education Recovery
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.776	Hurricane Katrina Relief
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.991	Preventative Health and Health Services Block Grant
	Disability Insurance/SSI Cluster:
96.001	Social Security - Disability Insurance

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 1 - Summary of Auditor's Results (concluded)**

Homeland Security Cluster:  
97.004 State Domestic Preparedness Equipment Support Program  
97.067 Homeland Security Grant Program  
  
97.034 Disaster Unemployment Assistance  
97.036 Disaster Grants - Public Assistance

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$21,271,732

Auditee qualified as low-risk auditee?

yes  no

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



STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

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PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents findings classified as reportable conditions and instances of noncompliance or other matters that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency with material weaknesses listed first. Each finding has one of the following designations:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to initiate, record, process, and report financial data consistent with the assertions of management in the general purpose financial statements.
- **Material Weakness** - 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 general purpose financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

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PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding  
Number**

**Finding and Recommendation**

---

**EMPLOYMENT SECURITY**

*Material Weakness*

06-26 Transactions Should Be Properly Recorded and Bank Accounts Should Be Promptly Reconciled

*Finding:*

During my review of Cash and Cash Equivalents, I noted the following internal control weaknesses:

- Because of an error in a spreadsheet being used in the process, checks and other withdrawals of cash for checking account number 1101 were not recorded in the trial balance/general ledger. This caused the checking account to be overstated by \$23,640,931. An audit adjustment was made to properly reflect the balance.
- Bank statements for the above referenced checking account Workforce Training Account, were not reconciled to the trial balance/general ledger. As a result, agency personnel failed to discover a material error in this checking account balance in a timely manner.

*Recommendation:*

- All checks and other withdrawals should be posted to the trial balance/general ledger in accordance with guidance found in the MAAPP Manual.
- Monthly bank statements should be reconciled to the trial balance/general ledger in a timely manner.

*Management's Response:*

Fund 8191 Unemployment Insurance bank statements were reconciled to the Department's trial balance cash accounts. The reconciliation concern exists between the Department's trial balance cash accounts and the adjusted cash balance in the Department's GAAP reporting package. Requested procedures will be implemented to ensure reconciliations are made at the GAAP package level. These changes will be implemented for the next GAAP reporting package at December 31, 2006.

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**Finding  
Number**

**Finding and Recommendation**

---

**TREASURY**

*Reportable Condition*

06-27

**The Board Should Regularly Evaluate Investment Funds and Managers**

*Finding:*

The Board of the Health Care Trust Fund should regularly evaluate investment funds and managers. We were informed that it is difficult to timely obtain information from the Eaton Vance Covered Options Fund. The response to our confirmation request was also slow. An evaluation of this fund is underway and a comprehensive report should be provided to the Board so they can evaluate continuing a relationship with this broker and manager. Similar evaluations should be conducted on all investment funds and managers on a routine basis.

*Recommendation:*

Because of the potential for mishandling commissions and commission recapture income the Board should regularly review the relationships between investment managers, commission recapture brokers and representatives of HCTF. Personnel should also regularly monitor the commission recapture earning to ensure the proper amount is deposited into the HCTF accounts. Any unusual transactions should promptly be brought to the attention of the Board. Personnel are currently preparing a comprehensive report of commission activity and rates by manager. Upon completion, the Board should closely review this report and determine which investment relationships should be continued and which should be terminated or renegotiated.

*Management's Response:*

We concur with the finding, but wish to clarify that this finding pertains to one particular manager, Eaton Vance, and not all of the managers for the HCTF. Managers are continually evaluated for performance and adherence to mandated strategies.

- Based on concerns that developed as a result of the evaluation of the Eaton Vance Covered Option Fund, the Board opted to terminate this manager's services at their meeting on February 28, 2007.
- Although reporting and relationship structure are not concerns with the Fund's remaining managers, all managers have been and will continue to be evaluated by staff and the investment consultant on a monthly basis and the Board on a quarterly basis.

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**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings**  
**and Questioned Costs**



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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

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PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**Introduction**

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510(a) of OMB Circular A-133.

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one of the following designations:

- **Reportable Condition** – Matters coming to the auditor’s attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor’s judgement, could adversely affect the state’s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.
- **Material Weakness** – 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 the 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.
- **Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgement have a direct and material effect on a major federal program.
- **Immaterial Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.

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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

---

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U. S. DEPARTMENT OF AGRICULTURE

CFDA/Finding  
Number

Finding and Recommendation

---

EDUCATION

SUBRECIPIENT MONITORING

*Reportable Condition*

10.558

Child and Adult Care Food Program

Federal Award Number and Year: CN04-1099, 2004

06-14

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

*Finding:*

The Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report performed in accordance with OMB Circular A-133 from each subrecipient expending \$500,000 or more in federal awards during the subrecipient's fiscal year. The audits are to be submitted to the primary agency within nine months after the end of the subrecipient's fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

The Mississippi Department of Education – Office of Child Nutrition and other entities provided \$500,000 or more of federal financial assistance to 34 subrecipients during fiscal year 2004. The agency maintained an Audit Resolution Log which indicated the subrecipients for which an audit should have been received. Testwork performed during the fiscal year 2006 audit on the Audit Resolution Log, and a sample of subrecipient audits received and reviewed by the agency for subrecipient audit year 2004 for the Child and Adult Care Food Program (CACFP), revealed the following problems.

- Two of the 34 entities listed on the Audit Resolution Log did not submit an audit for fiscal year 2004. We noted the agency made two attempts to obtain the audit but no other action was documented.
- Four of the 34 entities listed on the Audit Resolution Log did not receive \$500,000 or more during fiscal year 2004.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF AGRICULTURE (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

---

- Seven of ten audits, or 70 percent, selected for detail testwork were not submitted in a timely manner and the agency did not send a request for six of the audits until January 2006, twelve months after the fiscal year end of December 31, 2004.

Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with the federal requirements and not detect noncompliance by subrecipients in a timely manner. Also, failure to maintain accurate records hampers the efficient completion of monitoring procedures by agency personnel.

*Recommendation:*

We recommend the Mississippi Department of Education-Office of Child Nutrition strengthen controls over subrecipient monitoring by ensuring the agency's Audit Resolution Log is accurately prepared and all audit reports are obtained in compliance with federal regulations.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

---

U. S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

HEALTH

ALLOWABLE COSTS/COST PRINCIPLES

*Material Weakness*

10.557

Special Supplemental Nutrition Program for Woman, Infants, and Children

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006

06-31

MWITS Application System's Reliability Should Be Improved

*Finding:*

The Mississippi WIC inventory tracking system (MWITS) implemented by the Mississippi State Department of Health (MSDH) to track inventory purchased and issued for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is not providing continuous reliable service. MWITS is an obsolete disk operating system (DOS) environment application system processing on an obsolete version of Novell. The significant functions of transferring inventory related transactions were designed around the file replication services of this early Novell Local Area Network (LAN) operating system. Generally, Novell file replication was not engineered with safeguards for processing transaction files but was a method of file distribution. This methodology of using a LAN as a Wide Area Network (WAN), combined with slow data lines, creates significant problems in the movement of files from local WIC warehouses to MSDH's Jackson headquarters and back. Often there is no indicator that file replication transmissions have failed. In our review of field offices, the Electronic Data Processing (EDP) Audit found in one warehouse that file replication had been failing for over a month, until repaired the day before our visit.

Although, this is a known problem, to which MSDH's Department of Health Informatics is currently working on solutions, EDP Audit is unable to attest to the reliability of this system until it is improved. As a compensating factor, the MSDH Accounting Department has developed manual methods and spreadsheets which EDP Audit believes compensates for the lack of system integrity.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

---

**U. S. DEPARTMENT OF AGRICULTURE (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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MSDH with the assistance of the Mississippi Department of Information Technology Services is currently in the process of improving the network structure and line speed for WIC warehouses. The new network structure will move transmission speeds to a digital subscriber line speed and eliminate the pass-through of information through the district offices, creating a quicker and more direct data path to MSDH's Jackson headquarters. We also understand that MSDH is investigating a thin client solution to improve the reliability of the warehouse systems, and has created a request for proposal for a total system re-write and would like to progress on this long range solution.

*Recommendation:*

We believe that improved data communications and a strong monitoring process could improve the reliability factors of the current system, and assist in mitigating our findings on system integrity. We recommend that the Mississippi State Department of Health complete this project as soon as possible to improve the reliability of the Mississippi WIC inventory tracking system.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

**HEALTH**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Material Weakness*

10.557  
93.991

Special Supplemental Nutrition Program for Women, Infants, and Children  
Preventative Health and Health Services Block Grant

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006  
2005-B1-MS-PRVS-01, 2005

06-30

Time Study Allocation System Edits and Processes Should Be Improved

*Finding:*

The costing of patient encounters is accomplished through the processing of the Patient Information Management System (PIMS) information through the Time Study application's encounter allocation process. Our testwork revealed the PIMS contained incorrect encounter information due to keying errors and accepting input defaults in encounter information. The input defaults are shortcuts created during data entry for use at the clinics. Also, it appears that the editing and correction of encounter information in the PIMS is not being completed on a systematic basis.

A lack of a systematic and complete PIMS error correction process will allow bad encounter data to pass to Time Study. During our review, we noted that certain encounters were being assigned to a regional physician, or a nurse practitioner as the provider of the services, instead of the actual person who provided the encounter. This occurred because agency personnel used the input default instead of using the actual provider's name. When an invalid provider type is accepted as a default which is not a defined provider/encounter, the system does not process this data and drops the encounter record, resulting in loss of the encounter's billing opportunity.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

Edit reports exist in PIMS that can help identify incorrect information and offer the opportunity to reprocess incorrect encounter information, if a stringent program of error review and correction is followed. Our review indicated that the Mississippi State Department of Health (MSDH) had modified its procedures to run PIMS edits monthly which is an improvement over quarterly runs. MSDH provided us with a copy of a PIMS edit report dated February 9, 2007. However, this report indicated there were significant prior months encounter errors in PIMS still requiring correction.

Our review also indicated that there was not a clear, distinct and defined documentation process for any system changes or modifications of the Time Study application.

MSDH is defined as a "covered entity" under the Health Insurance Portability and Accountability Act (HIPAA) so all systems are considered to be applicable to HIPAA electronic protected health information (ePHI) requirements. HIPAA requires that data integrity checks be present. The HIPAA Security Rule that governs these procedures is *164.312(c)(1) Integrity*. Systems and business owners are responsible for ensuring that the integrity and accuracy of electronic data that is collected is consistent with the original source.

*Recommendation:*

We recommend the Mississippi State Department of Health improve system edits and processes to ensure the Patient Information Management System (PIMS) information accurately reflects the actual data from the patient encounter forms. Time Study should also contain sufficient safeguards of edit reports to identify PIMS errors which could affect proper processing of encounters. The allocation monthly process cycle should be documented with sufficient run history information to identify process dates, totals, rejected errors and the correction of those errors as part of a monthly history of the application. Any changes to the application including changes of formulas, tables or budget information should be documented as authorized and when implemented. Stringent change control procedures should be in effect.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

HEALTH

ALLOWABLE COSTS/COST PRINCIPLES

*Reportable Condition*

10.557  
93.991

Special Supplemental Nutrition Program for Women, Infants, and Children  
Preventative Health and Health Services Block Grant

Federal Award Number and Year: SMS700704-009, 2005  
SMS700704-002, 2006  
2005-B1-MS-PRVS-01, 2005

06-29

Controls over Time Study Procedures Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (7 CFR 3016.22) for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and (45 CFR 92.22) for the Preventive Health and Health Services Block Grant (PHHS) requires that allowable costs be determined in accordance with the Office of Management and Budget (OMB) Circular A-87. OMB Circular A-87 requires that amounts charged to grant programs for personnel services, regardless of whether treated as direct or indirect costs, be based on documented payrolls. Payrolls are required to be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort.

The Mississippi State Department of Health has implemented a time study system for allocating salaries and fringe benefits to the various programs administered by the agency. The time study system is based on reporting forms completed for one week of each month. Annually, the time spent by nurses, nurse practitioners and physicians in the various health clinics for health services performed is collected and analyzed to compute relative values. The agency uses the relative values to compute the cost of each service for each employee. The agency budgets personnel costs to the respective programs for the forthcoming year based on the majority of time a person spent on a single program in the prior year. Reconciliations are performed between current actual time and effort reports and the actual amounts charged for payroll for each program in order to determine that the salaries amounts charged to the federal programs were reasonable and the programs were not overcharged. An adjustment to decrease/increase the amounts charged for payroll to the amounts supported by the time study data is made yearly.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF AGRICULTURE (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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During our review of the time study system and testwork performed on 40 employee time reports for fiscal year 2006, we noted the following problems.

- The agency collected the fiscal year 2006 data necessary to compute the relative values for services performed. However, the agency did not calculate and enter the relative values for fiscal year 2006 into the time study system. The agency erroneously used the fiscal year 2005 relative values to calculate the actual time and effort costs for fiscal year 2006. Therefore, the amounts charged to payroll for services performed were not based on accurate data. The auditor requested the agency recalculate the actual time and effort costs for fiscal year 2006 using the correct relative values to determine the effect on costs charged to federal programs. A reconciliation between the revised current actual time and effort reports and the actual amount charged for payroll revealed that salaries charged to the WIC program exceeded salaries documented per the time study system by \$148,918 and by \$47 for the PHHS program.
- One of 40 time reports requested could not be located. The missing form did appear to have been entered in the system but could not be located by the agency.
- One instance occurred in which the weekly time report was entered into the time study system but no supervisory review of the time report was documented.
- Two weekly time reports did not contain an activity code and one weekly time report did not contain valid program codes. The program codes used were not included on the program code table in the administrative manual.
- Six instances occurred on time sheets in which the program code, activity code, or the employees' hours were not entered correctly in the time study system from the time reporting form.
- One of the four Time Study Error Reports requested could not be located.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF AGRICULTURE (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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Good internal controls would dictate that adequate controls be in place to ensure that the amounts entered in the time study system are accurate and reliable. Inadequate controls over the time study system could hinder the agency's ability to manage federal funds effectively and to comply with federal regulations.

*Recommendation:*

We recommend the Mississippi State Department of Health strengthen controls to ensure time study information is reliable and accurate. Also, forms and reports should be maintained as supporting documentation, contain a documented supervisory review, and any changes made to a form entered into the system should include a documentary notation. The program code table in the administrative manual should be updated to include all codes currently used. Greater care should be taken to ensure the relative values for services performed data in the time study system is updated yearly with current values. We further recommend the agency make an adjustment to decrease the amounts charged for payroll to the amount supported by the revised time study data.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF AGRICULTURE (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**HEALTH**

**REPORTING**

*Reportable Condition*

10.557. Special Supplemental Nutrition Program for Women, Infants, and Children

Federal Award Number and Year: SMS700704-009, 2005

06-28 Controls over Reporting Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (7 CFR 246.17 and 246.25(b)) requires the Mississippi State Department of Health to submit monthly and final closeout financial and program performance (participation) data for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS). FNS uses the amounts reported on the WIC Financial Management and Participation Report (FNS-798) to monitor current fiscal year's performance and to project funding needs. Further guidance from the USDA requires State agencies to prepare an Addendum to the WIC Financial Management and Participation (FNS-798) closeout report. State agencies prepare the Addendum (FNS-798A) to report (1) food and nutrition services and administration (NSA) expenditures by function for the fiscal year close out; (2) the method used to charge NSA expenditures as indirect costs; and (3) the method by which the indirect cost amount was determined. FNS uses the amounts reported for nutrition education and breast feeding promotion and support to determine whether the State agencies met the statutory minimum spending level for those functions.

Testwork performed on the September 2005 FNS-798 report revealed an addition error occurred when calculating the amount for Outstanding Food Obligations. This error understated the \$3,195,596 amount reported as Outstanding Food Obligations by \$1,657,971. Testwork performed on the Addendum to the FNS-798 closeout report also revealed calculation errors based on supporting documentation. The agency overstated the \$3,278,570 amount reported as local level nutrition education expenditures by \$29,700 and the agency understated the \$8,273,281 amount reported as local level client services expenditures by \$29,700.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF AGRICULTURE (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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Good internal controls require an adequate supervisory review be performed to ensure federal reports are accurate and complete prior to submission to the federal grantor. Failure to provide the federal granting agency with accurate report figures could impede federal oversight of the program.

*Recommendation:*

We recommend the Mississippi State Department of Health strengthen procedures over the preparation of federal reports for the Special Supplemental Nutrition Program for Women, Infants, and Children to ensure federal reports are properly prepared and agree with supporting documentation.

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**STATE OF MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**CFDA/Finding  
 Number**

**Finding and Recommendation**

**MISSISSIPPI DEVELOPMENT AUTHORITY**

**PROGRAM INCOME**

*Reportable Condition*

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

06-01

Controls over Program Income Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (24 CFR 92.503 and 92.504) designates that program income generated from the use of HOME Investment Partnerships Program (HOME) funds must be used for additional eligible activities of the program. Further guidance from the U. S. Department of Housing and Urban Development documents that program income must be monitored to ensure compliance with HOME regulations. A review of subrecipient applications for awards and contracts revealed instances in which an agreement existed between the subrecipient and its project developer or qualified homebuyer allowing loans to be issued using HOME funds. These agreements also stipulate repayment to the subrecipient of the loans over a period ranging from 10 to 50 years. Per 24 CFR 92.2, "Program Income includes...payment of principal and interest on loans made using HOME funds (including HOME program income) or matching contributions;" thus, the repayment of funds would be considered program income.

During procedures performed to determine if the Mississippi Development Authority (MDA) had procedures in place to ensure program income generated from the use of HOME funds was being managed in accordance with federal regulations, we noted MDA was in the process of implementing procedures to ensure compliance with program income requirements. However, the procedures have not been completely placed into operation. Specifically, the agency is implementing procedures to track projects generating program income and when this program income should be remitted to MDA. Also, for subrecipients who receive program income after project completion, MDA is developing a tracking mechanism to ensure these subrecipients are monitored.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

**CFDA/Finding  
Number**

**Finding and Recommendation**

Good internal controls dictate written policies and procedures are in place to ensure compliance with program income requirements. Failure to have a tracking mechanism for program income could result in the agency being unaware of program income generated and ultimately could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being detected in a timely manner.

*Recommendation:*

We recommend the Mississippi Development Authority continue to strengthen controls over program income for the HOME Investment Partnerships Program by implementing a mechanism to track program income to ensure subrecipients generating program income are identified and monitored for compliance with federal regulations.

**MISSISSIPPI DEVELOPMENT AUTHORITY**

**SUBRECIPIENT MONITORING**

*Reportable Condition*

14.228 Community Development Block Grant/State's Program

Federal Award Number and Year: Various

06-02 Controls over Subrecipient Monitoring Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (24 CFR Part 570.492) requires the Mississippi Development Authority (MDA) to conduct reviews and audits including on-site reviews of units of general local government as may be necessary or appropriate to determine program compliance for the Community Development Block Grants/State's Program (CDBG). The MDA has developed monitoring procedures which require an on-site visit to take place at least twice during the life of the project to ensure compliance with all applicable federal regulations. MDA has a tracking mechanism in place to ensure all projects are properly identified and monitored. Checklists are used during the on-site monitoring review to provide guidance and to document a review was performed.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

CFDA/Finding  
Number

Finding and Recommendation

Subrecipient on-site monitoring testwork performed on 25 closed projects (as of date of field work) revealed the following weaknesses.

- Sixteen instances, or 64 percent, in which several pertinent questions on the monitoring checklist were not answered. Even though these questions were not answered on the checklist, the supervisor responsible for reviewing the checklist signed off on the "Compliance Review" form indicating review and approval.
- One instance, or 4 percent, in which the area representative did not perform two monitoring visits prior to the project close out.
- The *Code of Federal Regulations* (24 CFR 570.603) requires the CDBG program to comply with labor standards in accordance with the Davis Bacon Act. For one instance, it was noted the "Labor Standards Monitoring" checklist was not completed.
- The *Code of Federal Regulations* (24 CFR 42.1) requires that Housing and Urban Development assisted programs and projects are subject to the Uniform Relocation Assistance and Relocation Act (URA) of 1970. For one instance, it was noted the "Acquisition Monitoring" checklist was not completed.

Also, audit procedures performed to ensure the tracking mechanism was functioning correctly revealed the "Monthly Grants Management Report" does not properly track project close dates to ensure projects are monitored prior to final close out. The "Monthly Grants Management Report" is the tracking document used by MDA to ensure all subrecipients receive an on-site monitoring review and to document the date the review was completed.

Good internal controls dictate a supervisory review be performed on monitoring workpapers to ensure completeness and propriety. Good internal controls also dictate supervisory personnel ensure the monitoring tracking document is proper to ensure the required inspections are performed by agency personnel. Failure to ensure the propriety of the monitoring inspection tracking document could result in nonperformance of the required inspections. Without effective supervisory review procedures, potential subrecipient noncompliance could occur and not be detected.

*Recommendation:*

We recommend the Mississippi Development Authority strengthen its existing internal controls for subrecipient on-site monitoring. Greater care should be taken during the supervisory review process to ensure the completeness of monitoring files. We further recommend the agency ensure the on-site monitoring checklist tracking document is properly prepared to ensure all subrecipients are identified and monitored for compliance with federal regulations.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)

**CFDA/Finding  
Number**

**Finding and Recommendation**

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**MISSISSIPPI DEVELOPMENT AUTHORITY**

**SUBRECIPIENT MONITORING**

*Reportable Condition*

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

06-03

Controls over Subrecipient Monitoring Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (24 CFR Part 92.201) requires the Mississippi Development Authority (MDA) to conduct such reviews and audits of its State recipients as may be necessary or appropriate to determine program compliance for the HOME Investment Partnerships Program. As further guidance for this regulation, the U. S. Department of Housing and Urban Development (HUD) issued a HOME Program Model entitled "Monitoring HOME Program Performance." This document requires MDA to perform on-site monitoring visits using risk factors to set monitoring priorities. The MDA has developed monitoring procedures which require an on-site visit to take place at least once during the life of the project to ensure compliance with all applicable federal requirements.

Testwork performed on 10 projects which closed during fiscal year 2006 to review the agency's adherence to its prescribed procedures for subrecipient on-site monitoring visits revealed the following weaknesses.

- One instance in which the "Compliance Review" form, which documents supervisory review and approval of the monitoring visit and forms prepared by MDA monitors, did not have all required supervisory approvals documented.
- One instance in which the "Monitoring Response Review" form, which documents supervisory review and approval of the subrecipient's response to findings noted, did not have all required supervisory approvals documented.
- One instance in which the "Monitoring Response Review" form was not in the monitoring file.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

**U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

- Four instances in which the “Monitoring Tools”, which are prepared by MDA monitors during on-site visits, were not properly completed. Even though questions were not answered on the checklist, the supervisor responsible for reviewing the checklist signed off on the “Compliance Review” form indicating review and approval.
- One instance in which the agency did not send a letter to the subrecipient documenting its acceptance of the subrecipient’s corrective action plan for findings noted during on-site monitoring; therefore, we could not determine if all findings were resolved.

Good internal controls require monitoring workpapers receive adequate supervisory review to ensure completeness and propriety. Without effective supervisory review procedures, potential subrecipient noncompliance could occur and not be detected.

*Recommendation:*

We recommend the Mississippi Development Authority strengthen its existing internal controls for subrecipient on-site monitoring. Greater care should be taken during the supervisory review process to ensure the completeness of monitoring files.

**MISSISSIPPI DEVELOPMENT AUTHORITY**

**SPECIAL TESTS AND PROVISIONS**

*Reportable Condition*

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

06-04

Controls over Period of Affordability Inspections Should Be Strengthened

*Finding:*

The *Code of Federal Regulations* (24 CFR Part 92.504) requires the participating jurisdiction to perform on-site inspections during the period of affordability. The period of affordability is the period for which the non-federal entity must maintain rental housing assisted with HOME Investment Partnerships Program funds. The purpose of these inspections is to ensure compliance with housing quality standards per the *Code of Federal Regulations* (24 CFR Parts 92.251 and 92.252).

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (concluded)

CFDA/Finding  
Number

Finding and Recommendation

Testwork performed at the Mississippi Development Authority on ten out of 50 closed projects to ensure these on-site inspections were completed revealed one on-site inspection required to be performed during fiscal year 2006 had not been performed. Also, testwork performed to ensure the propriety of the agency's period of availability inspection tracking document revealed 39 instances in which the tracking system did not project the correct "Next Inspection Due" date.

Good internal control procedures dictate supervisory personnel ensure the period of affordability inspection tracking document is proper and ensure the required inspections are performed by agency personnel. Failure to ensure the propriety of the period of affordability inspection tracking document could result in nonperformance of the required inspections, and failure to ensure the required inspections are performed could result in housing quality standards not being properly maintained.

*Recommendation:*

We recommend the Mississippi Development Authority strengthen control procedures to ensure the period of affordability inspection tracking document is properly prepared and period of affordability inspections are conducted in compliance with federal regulations for the HOME Investment Partnerships Program.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF JUSTICE

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**ALLOWABLE COSTS/COST PRINCIPLES  
REPORTING**

*Material Weakness*

*Material Noncompliance*

16.579	Edward Byrne Memorial Formula Grant Program
20.600	State and Community Highway Safety
97.004	State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

06-19

**Documentation Supporting Federal Reports Should Be Maintained**

*Finding:*

Testwork performed at the Mississippi Department of Public Safety for fiscal year 2006 revealed that the agency was unable to reconcile the detail of expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation. We also noted the agency was unable to reconcile amounts reported on the Federal Status Report (FSR) Form 269 to supporting documentation.

Office of Management and Budget Circular A-133 Compliance Supplement requires adequate records be maintained to support amounts drawn from federal programs. Also, good internal controls dictate that adequate supporting documentation be on hand to support amounts reported to the federal government.

*Recommendation:*

The agency should ensure documentation supporting federal reports and the Schedule of Expenditures of Federal Awards is properly maintained in a format which allows for an efficient audit. Agency personnel should reconcile these reports and schedules to the supporting records and maintain the documentation for audit purposes.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF JUSTICE (continued)

CFDA/Finding  
Number

Finding and Recommendation

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PUBLIC SAFETY

CASH MANAGEMENT

*Reportable Condition*

16.579

Edward Byrne Memorial Formula Grant Program

Federal Award Number and Year: Various

06-20

Controls over Federal Reimbursement and Reporting Should Be Strengthened

*Finding:*

Testwork performed at the Mississippi Department of Public Safety revealed the following instances related to cash management:

Eleven out of 25 instances in which reporting worksheets prepared by the subgrantees were not submitted to the agency timely.

*Recommendation:*

Per the agency's guidelines for subgrantees, reporting worksheets should be submitted for each calendar month by the tenth business day of the following month. This is a partial repeat of a prior year finding.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF JUSTICE (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**SUBRECIPIENT MONITORING**

*Material Noncompliance*

16.579

Edward Byrne Memorial Formula Grant Program

Federal Award Number and Year:      Various

06-21

Agency Should Comply with Subrecipient Audit Requirements

*Finding:*

OMB Circular A-133 requires the primary recipient of federal funds to notify subrecipients of all audit requirements and determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient receiving more than \$500,000 in a fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

We noted the Mississippi Department of Public Safety was not in compliance with Byrne Formula Grant Program requirements related to subrecipient audits. The agency was not ensuring that audit reports are received from the applicable subrecipients, and audit reports that are received were not being reviewed by the agency. Furthermore, an audit schedule designed to track the activities of subrecipients was not being employed by the agency.

*Recommendation:*

The agency should implement procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and dates of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF JUSTICE (concluded)

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**SUBRECIPIENT MONITORING**

*Material Noncompliance*

16.579

Edward Byrne Memorial Formula Grant Program

Federal Award Number and Year: Various

06-22

Subrecipient Monitoring Procedures Should Be Strengthened

*Finding:*

We noted the following inaccuracies with regard to the agency's monitoring of subrecipients:

- The monitoring schedule did not have a monitoring date for several subrecipients as a result of several subrecipients not being monitored via on-site visits during the year.
- Five (5) out of five (5) instances in which subrecipients with a monitoring date on the monitoring schedule did not have a monitoring checklist on file.

Good internal controls dictate a monitoring schedule be accurate and complete, and monitoring checklists should be completed and retained to provide documentation for subrecipients' performance with regard to program requirements.

*Recommendation:*

The agency should develop a monitoring schedule that includes all components of the monitoring process to ensure all subrecipients are properly monitored. This is a repeat of a prior year finding.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF TRANSPORTATION

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**ALLOWABLE COSTS/COST PRINCIPLES  
REPORTING**

*Material Weakness*

*Material Noncompliance*

16.579	Edward Byrne Memorial Formula Grant Program
20.600	State and Community Highway Safety
97.004	State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

06-19

Documentation Supporting Federal Reports Should Be Maintained

*Finding:*

Testwork performed at the Mississippi Department of Public Safety for fiscal year 2006 revealed that the agency was unable to reconcile the detail of expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation. We also noted the agency was unable to reconcile amounts reported on the Federal Status Report (FSR) Form 269 to supporting documentation.

Office of Management and Budget Circular A-133 Compliance Supplement requires adequate records be maintained to support amounts drawn from federal programs. Also, good internal controls dictate that adequate supporting documentation be on hand to support amounts reported to the federal government.

*Recommendation:*

The agency should ensure documentation supporting federal reports and the Schedule of Expenditures of Federal Awards is properly maintained in a format which allows for an efficient audit. Agency personnel should reconcile these reports and schedules to the supporting records and maintain the documentation for audit purposes.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF TRANSPORTATION (concluded)

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**SUBRECIPIENT MONITORING**

*Material Noncompliance*

20.600

State and Community Highway Safety

Federal Award Number and Year: Various

06-23

Agency Should Comply with Subrecipient Audit Requirements

*Finding:*

OMB Circular A-133 requires the primary recipient of federal funds to notify subrecipients of all audit requirements and determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient receiving more than \$500,000 in a fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

We noted that the Mississippi Department of Public Safety was not in compliance with State and Community Highway Safety Program requirements related to subrecipient audits. The agency was not ensuring that audit reports are received from the applicable subrecipients, and audit reports that are received were not being reviewed by the agency. Furthermore, an audit schedule designed to track the activities of subrecipients was not being employed by the agency.

*Recommendation:*

The agency should implement procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF EDUCATION**

**CFDA/Finding  
Number**

**Finding and Recommendation**

**EDUCATION**

**PERIOD OF AVAILABILITY**

*Immaterial Noncompliance*

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A040024A, 2004  
Questioned Costs: \$603,902

06-17

Agency Should Ensure Compliance with Carryover Requirements

*Finding:*

The Elementary and Secondary Education Act, Section 1127 (20 USC 6339), requires the state educational agency (SEA) and the local educational agency (LEA) to obligate funds during the 27 month period, extending from July 1 through September 30, of the second fiscal year for the Title I Grants to Local Educational Agencies program. This maximum period includes a 15-month period of initial availability for obligation plus a 12-month period for the carryover of unobligated funds. A LEA receiving \$50,000 or more in Title I Part A funds cannot have carryover funds which exceed 15 percent of its allocation for the project year. A SEA may grant a waiver to a LEA no more than once every three years to allow a LEA to carry over funds in excess of the 15 percent limitation.

The Mississippi Department of Education – Office of Innovative Support (MDE-OIS) developed a spreadsheet to track each LEA’s expenditures, available allotment balance, the amount in excess of the allowed 15 percent carryover, and the frequency of waivers granted for each LEA. At the close of September, the schools which appear to have 15 percent or more of their allotment balance available are required to submit a Verification of Carryover Form by November 30<sup>th</sup> to document /certify expenditures as well as obligations/commitments. If the available balance is in excess of the allowed carryover percentage, the LEA must also submit a waiver request signed by the district superintendent for consideration and approval by MDE-OIS. Testwork performed during the fiscal year 2006 audit on school districts which had carryover funds from the 2004-2005 grant year after September 30, 2005, revealed 83 school districts with expenditures after the initial availability period. We selected 14 school districts for testing which included 11 school districts with carryover amounts exceeding 15 percent. Out of the 11 school districts with carryover amounts exceeding 15 percent, our testwork revealed the following five instances, or 45 percent, which included problems.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding  
Number

Finding and Recommendation

- Three instances in which MDE-OIS approved school districts to exceed the allowed 15 percent carryover without receiving proper documentation to verify that funds were obligated as of September 30, 2005. After this was brought to the attention of agency personnel, documentation was requested and received from two school districts as verification that funds were appropriately obligated by September 30, 2005. For the remaining instance, no documentation was subsequently received. The undocumented (questioned) costs total \$407,706.
- Two instances in which school districts failed to provide documentation but continued to draw funds in excess of the allowed 15 percent carryover. In one of these instances, the school district submitted the Verification of Carryover Form without any documentation. After this was brought to the attention of agency personnel, documentation was requested and received as verification that funds were appropriately obligated by September 30, 2005. In the second instance, the school district failed to submit the Verification of Carryover Form or any documentation. When this was brought to the attention of agency personnel, no documentation was subsequently provided by the school district. The amount of funds in question totaled \$196,196. While we initially noted that MDE-OIS did not approve the carryover funds expended by these two school districts due to failure to provide documentation, we also noted that no subsequent action was taken by agency personnel to obtain the information or to exact penalties from the school districts until the situation was brought to their attention during the audit process.

Failure to obtain, review and approve the Verification of Carryover Forms, requests for waivers, and appropriate supporting documentation in a consistent and accurate manner allowed LEAs to expend carryover funds in excess of 15 percent without complying with federal regulations by ensuring that funds were obligated by the end of the initial period of availability. This resulted in questioned costs to the Title I Grants to Local Education Agencies program of \$603,902 for the school districts tested. Good internal controls dictate that adequate procedures be in place to ensure compliance with federal program requirements.

*Recommendation:*

We recommend the Mississippi Department of Education-Office of Innovative Support strengthen procedures over the carryover limitation to ensure adequate documentation is obtained to support the carryover amounts and waivers granted. We also recommend the agency develop a plan of action in the event that a LEA fails to submit the required documentation to obtain a waiver when carryover funds exceed 15 percent of the funding.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF EDUCATION (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**EDUCATION**

**SPECIAL TESTS AND PROVISIONS**

*Reportable Condition*

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A050024A, 2005

06-15

Controls over Comparability Requirement Should Be Strengthened

*Finding:*

Section 1120A(c) of the Elementary and Secondary Education Act [20 USC 6321(c)] requires that a local educational agency (LEA) may receive funds under Title I, Part A, only if state and local funds will be used in participating schools to provide services, taken as a whole, which are at least comparable to services that the LEA is providing in schools not receiving Title I, Part A, funds. Each LEA is required to develop procedures for complying with the comparability requirements and implement the procedures annually. Each LEA is also required to maintain records that are updated biennially, documenting compliance with the comparability requirements. The state educational agency (SEA) is ultimately responsible for ensuring that LEAs remain in compliance with the comparability requirement.

The Mississippi Department of Education-Office of Innovative Support (MDE-OIS) administers the Title I Grants to Local Educational Agencies program and requires each LEA to submit a Comparability Report documenting compliance with the requirements. Also, the agency's onsite monitoring tool requires the MDE-OIS monitor to examine supporting documentation to verify the LEA's compliance with the comparability requirement. Testwork performed on 16 of the school districts revealed the following problems for fiscal year 2006.

- Sixteen, or 100 percent of the selected sample, of the comparability reports did not evidence a documented review.
- Six, or 38 percent, of the comparability reports evidenced either incomplete data or deficiencies with the requirement; however, MDE-OIS did not provide evidence of any attempt to obtain the information or address the problems.

**STATE OF MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF EDUCATION (continued)**

**CFDA/Finding  
 Number**

**Finding and Recommendation**

Good internal controls require the agency to have adequate control procedures in place to ensure compliance with federal regulations. Failure to properly monitor each LEA for compliance with comparability requirements could result in noncompliance with federal regulations and jeopardize continued funding under the Title I Grants to Local Educational Agencies program.

*Recommendation:*

We recommend the Mississippi Department of Education-Office of Innovative Support strengthen control procedures to ensure each of the local education agencies is in compliance with the comparability requirements. Comparability reports should receive a documented review for completeness and compliance. Any missing information and/or deficiencies noted in the reports should be documented in correspondence with the school districts.

**EDUCATION**

**SPECIAL TESTS AND PROVISIONS**

*Reportable Condition  
 Immaterial Noncompliance*

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A050024, 2005

06-16

**Controls over Reporting for Special Test and Provisions Should Be Strengthened**

*Finding:*

Section 1116(c) of the Elementary and Secondary Education Act (20 USC 6316(c)) requires a state educational agency (SEA) to annually review the progress of each local educational agency (LEA) receiving funds under Title I Grants to Local Educational Agencies program to determine whether schools are making adequate yearly progress. The SEA must report annually to the Secretary of the U. S. Department of Education and make certain information widely available within the State, including the number and name of each school identified for improvement under Section 1116(b), the reason why each school was so identified, and the measures taken to address the achievement problems of each school. The SEA must also prepare and disseminate an annual state report card that contains information on the performance of LEAs regarding adequate yearly progress. In addition, the SEA must ensure that each LEA collects the data necessary to prepare its annual report card in compliance with Sections 1111(h)(1) and (4).

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF EDUCATION (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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The Mississippi Department of Education – Office of Innovative Support is responsible for collecting, compiling and determining the accuracy of the information obtained about the number and names of schools and LEAs in need of improvement. Testwork performed on the Consolidated State Performance Report (Parts I and II) for school year 2004-2005 revealed the agency could not provide supporting documentation for some of the summary data entered into Part II of the Consolidated State Performance Report. Specifically, the total number of schools by type of program; student participation by special services and programs (Homeless and Migrant) or instruction (science, social studies, vocational, other) and support services; private school student participation by grade level; students served in local neglected programs; and staff information could not be vouched to source documents.

Good internal controls require source documentation be maintained for audit purposes. The absence of source documentation hinders the performance of a proper and efficient audit and prevented the auditors from verifying that the Consolidated State Performance Report for school year 2004-2005 was properly and accurately prepared.

*Recommendation:*

We recommend the Mississippi Department of Education strengthen controls over the preparation of the Consolidated State Performance Report by ensuring supporting documentation is maintained for all data included in the report.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF EDUCATION (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

---

**EDUCATION**

**SPECIAL TESTS AND PROVISIONS**

*Immaterial Noncompliance*

84.938

Hurricane Education Recovery

Federal Award Number and Year: S938A060003, 2006  
Questioned Costs: \$3,054,224

06-18

Agency Should Ensure Compliance with Public Control of Funds Requirement

*Finding:*

The Mississippi Department of Education (MDE) is responsible for administering the Elementary and Secondary Education Hurricane Relief-Immediate Aid to Restart School Operations (Restart) grant program, a component of the Hurricane Education Recovery program. According to the Hurricane Education Recovery Act (HERA) Section 101(h)(3), "the control of funds for the services and assistance provided to a non-public school..., and title to materials, equipment, and property purchased with such funds, shall be in a public agency, and a public agency shall administer such funds, materials, equipment and property and shall provide such services (or may contract for the provision of such services with a public or private entity)." MDE initially treated the non-public schools as subgrantees and disbursed \$3,054,224 in Restart funds directly to the non-public schools. MDE did not maintain control of the funds nor title to any purchases made by the non-public schools. The failure to have controls in place to ensure compliance with the special tests and provisions requirement could result in the reduction of federal funding of the program and may also increase the risk of the funds being used for unallowable activities. The agency has requested a hold harmless ruling from the United States Department of Education with regard to these funds.

*Recommendation:*

We recommend the Mississippi Department of Education implement controls to ensure maintenance of the required control of funds and title to the property provided to the non-public schools. We recommend the contractual agreements providing services to non-public schools contain provisions that provide for public control of funds and public title to materials, equipment, and property purchased with grant funds.

STATE OF MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA/Finding  
 Number

Finding and Recommendation

---

**FINANCE AND ADMINISTRATION**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.UN

Various

Federal Award Number and Year: Various  
 Questioned Costs: To be determined

06-05

Transfers from Self-Insurance Funds Should Not Include Federal Funds

*Finding:*

Chapter 31 General Laws of Mississippi 2005 2<sup>nd</sup> Extraordinary Legislative Session, directed the State Treasurer to transfer to the Budget Contingency Fund, monies from various funds. Included in this list were the following self-insurance funds and respective amounts that were transferred:

Fund 3642 - Self-Insured Workers' Compensation Fund (\$2,300,289), and  
 Fund 3644 - Employment Compensation Revolving Fund (\$1,004,107).

As directed in the approved legislation, the Department of Finance and Administration processed these transfers during the month of June 2006. Section 25d(5) of Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* states, "Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer."

Contributions from some of the agencies which participate in these two self-insurance reserve funds are partially funded with monies drawn from various federal government grant sources. As such, the federal percentage of contributions related to these transfers from these self-insurance reserve funds should be repaid to the federal government as required under Section 25d(5) of OMB Circular A-87.

*Recommendation:*

The Department of Finance and Administration should review the activity of these self-insurance funds and make a determination as to what amount should be refunded to the federal government, as required by OMB Circular A-87.



**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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Our review also indicated that there was not a clear, distinct and defined documentation process for any system changes or modifications of the Time Study application.

MSDH is defined as a "covered entity" under the Health Insurance Portability and Accountability Act (HIPAA) so all systems are considered to be applicable to HIPAA electronic protected health information (ePHI) requirements. HIPAA requires that data integrity checks be present. The HIPAA Security Rule that governs these procedures is *164.312(c)(1) Integrity*. Systems and business owners are responsible for ensuring that the integrity and accuracy of electronic data that is collected is consistent with the original source.

*Recommendation:*

We recommend the Mississippi State Department of Health improve system edits and processes to ensure the Patient Information Management System (PIMS) information accurately reflects the actual data from the patient encounter forms. Time Study should also contain sufficient safeguards of edit reports to identify PIMS errors which could affect proper processing of encounters. The allocation monthly process cycle should be documented with sufficient run history information to identify process dates, totals, rejected errors and the correction of those errors as part of a monthly history of the application. Any changes to the application including changes of formulas, tables or budget information should be documented as authorized and when implemented. Stringent change control procedures should be in effect.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

---

**HEALTH**

**ALLOWABLE COSTS/COST PRINCIPLES**

***Reportable Condition***

10.557  
93.991

Special Supplemental Nutrition Program for Women, Infants, and Children  
Preventative Health and Health Services Block Grant

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006  
2005-B1-MS-PRVS-01, 2005

06-29

**Controls over Time Study Procedures Should Be Strengthened**

***Finding:***

The *Code of Federal Regulations* (7 CFR 3016.22) for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and (45 CFR 92.22) for the Preventive Health and Health Services Block Grant (PHHS) requires that allowable costs be determined in accordance with the Office of Management and Budget (OMB) Circular A-87. OMB Circular A-87 requires that amounts charged to grant programs for personnel services, regardless of whether treated as direct or indirect costs, be based on documented payrolls. Payrolls are required to be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort.

The Mississippi State Department of Health has implemented a time study system for allocating salaries and fringe benefits to the various programs administered by the agency. The time study system is based on reporting forms completed for one week of each month. Annually, the time spent by nurses, nurse practitioners and physicians in the various health clinics for health services performed is collected and analyzed to compute relative values. The agency uses the relative values to compute the cost of each service for each employee. The agency budgets personnel costs to the respective programs for the forthcoming year based on the majority of time a person spent on a single program in the prior year. Reconciliations are performed between current actual time and effort reports and the actual amounts charged for payroll for each program in order to determine that the salaries amounts charged to the federal programs were reasonable and the programs were not overcharged. An adjustment to decrease/increase the amounts charged for payroll to the amounts supported by the time study data is made yearly.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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During our review of the time study system and testwork performed on 40 employee time reports for fiscal year 2006, we noted the following problems.

- The agency collected the fiscal year 2006 data necessary to compute the relative values for services performed. However, the agency did not calculate and enter the relative values for fiscal year 2006 into the time study system. The agency erroneously used the fiscal year 2005 relative values to calculate the actual time and effort costs for fiscal year 2006. Therefore, the amounts charged to payroll for services performed were not based on accurate data. The auditor requested the agency recalculate the actual time and effort costs for fiscal year 2006 using the correct relative values to determine the effect on costs charged to federal programs. A reconciliation between the revised current actual time and effort reports and the actual amount charged for payroll revealed that salaries charged to the WIC program exceeded salaries documented per the time study system by \$148,978 and by \$47 for the PHHS program.
- One of 40 time reports requested could not be located. The missing form did appear to have been entered in the system but could not be located by the agency.
- One instance occurred in which the weekly time report was entered into the time study system but no supervisory review of the time report was documented.
- Two weekly time reports did not contain an activity code and one weekly time report did not contain valid program codes. The program codes used were not included on the program code table in the administrative manual.
- Six instances occurred on time sheets in which the program code, activity code, or the employees' hours were not entered correctly in the time study system from the time reporting form.
- One of the four Time Study Error Reports requested could not be located.

Good internal controls would dictate that adequate controls be in place to ensure that the amounts entered in the time study system are accurate and reliable. Inadequate controls over the time study system could hinder the agency's ability to manage federal funds effectively and to comply with federal regulations.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

---

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

*Recommendation:*

We recommend the Mississippi State Department of Health strengthen controls to ensure time study information is reliable and accurate. Also, forms and reports should be maintained as supporting documentation, contain a documented supervisory review, and any changes made to a form entered into the system should include a documentary notation. The program code table in the administrative manual should be updated to include all codes currently used. Greater care should be taken to ensure the relative values for services performed data in the time study system is updated yearly with current values. We further recommend the agency make an adjustment to decrease the amounts charged for payroll to the amount supported by the revised time study data.

**MEDICAID**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0605MS5028, 2006  
Questioned Costs: \$78,494

06-08

Claims for Inpatient Psychiatric Services Should Be Denied for Recipients Age 21 and Older

*Finding:*

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor - Division of Medicaid. Per the State Plan, Attachment 3.1-A, Exhibit 16, and the provider manual, Section 18.01, inpatient psychiatric services are only provided for recipients under the age of 21. We requested the agency run a report documenting all recipients age 21 or older for whom claims were paid which contained inpatient psychiatric facility services (place of service type 51). The report included 290 recipients age 21 or older for whom claims were paid for inpatient psychiatric services. The total payment to providers for the unallowable inpatient psychiatric claims was \$102,916, of which the federal share is \$78,494.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

---

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid ensure inpatient psychiatric facility claims are paid in accordance with the State Plan. Computer edits for service limits in the Medicaid Management Information System should be implemented to deny inpatient psychiatric facility claims for recipients age 21 or older. We further recommend the agency determine the disposition of the claims listed on the report and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors for follow-up purposes.

**MEDICAID**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0605MS5028, 2006  
Questioned Costs: \$21,409

06-10

Hospital Claims in Excess of Service Limits Should Be Denied

*Finding:*

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor – Division of Medicaid. Attachment 3.1–A, Exhibit 1, of the State Plan sets a reimbursement limit of 30 inpatient days per fiscal year for individuals age 21 and older. Per documentation in the Medicaid Management Information System, there are computer edits which should ensure claims which exceed the service limits are not paid. We requested the agency run a report which identified inpatient hospital claims paid exceeding the 30 day service limit for the period July 1, 2005 to June 30, 2006. The report identified two recipients whose paid inpatient hospital days exceeded the service limit without a valid policy exception. This resulted in an overpayment to providers of \$28,070, of which the federal share is approximately \$21,409.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

---

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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*Recommendation:*

We recommend the Office of the Governor – Division of Medicaid determine the disposition of the claims listed on the report and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors by the agency for follow-up purposes. We further recommend the agency ensure the edits for service limits in the Medicaid Management Information System are working properly so hospital claims will be paid in accordance with the State Plan.

**MEDICAID**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0605MS5028, 2006  
Questioned Costs: not determined

06-11

Outpatient Hospital Claims Should Be Paid in Accordance with the State Plan

*Finding:*

The Mississippi Medicaid State Plan (State Plan) Attachment 4.18-A, page 1, documents the appropriate co-payment amounts to be collected by the provider based on claim type. The co-payment to be collected for outpatient hospital charges is \$3 per visit. Some common exceptions to the co-payment requirement are “true emergencies,” pregnancy, and children under the age of 18. If an exception exists, the provider should use a co-payment exception indicator on the claim when submitting it for payment. Our initial review of 25 outpatient claims at the Office of the Governor – Division of Medicaid revealed two claims for which the co-payment amount was not deducted from the payment to the provider, and no co-payment exception code was present on the claim. The error resulted in an overpayment to the provider totaling \$6, of which the federal share is \$5. We requested agency personnel to run a report detailing outpatient hospital claims for fiscal year 2006 which contained no co-payment exclusion code and for which no co-payment was collected.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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The report indicated there were 81,592 claims. We reviewed 25 claims listed on the report and noted no co-payment exception code was present and no co-payment was collected. For one of the claims, the recipient would have qualified for an exception to the co-payment requirement; however, the provider did not use the co-payment exception indicator on the claim. For the remaining 24 claims, a co-payment of \$3 per visit should have been collected. Due to the complexities involved in calculating outpatient hospital reimbursements, and the possibility that recipients could have qualified for an exemption to the co-payment requirement, it was not practical to project an error rate to the population to determine questioned costs. However, it appears that computer edits were not in place to ensure the appropriate co-payment amount was deducted from provider payments in compliance with the State Plan.

In discussing this issue with agency personnel, we were told that designing the computer edits to ensure compliance with the co-payment requirement was problematic for emergency room claims. At the present time, the processing system is considering all outpatient claims from an emergency room to be an emergency and therefore not collecting a co-payment. Agency personnel also indicated that the Division of Medicaid is currently researching procedures to implement which will ensure co-payment amounts are correctly calculated.

*Recommendation:*

We recommend the Office of the Governor – Division of Medicaid continue the process of establishing procedures to ensure compliance with the co-payment requirement as dictated by the State Plan.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

**MEDICAID**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0605MS5028, 2006  
Questioned Costs: not determined

06-12

Outpatient Rates Should Be Calculated in Accordance with the State Plan

*Finding:*

The Mississippi Medicaid State Plan (State Plan) Attachment 4.19-B, page 2a, documents the methodology to be used when calculating outpatient hospital rates. For rates used in fiscal year 2006, the Office of the Governor - Division of Medicaid calculated outpatient hospital rates using the methodology from a newly revised State Plan amendment which had been submitted to the federal grantor. Our testwork revealed that the rates were calculated in accordance with the State Plan amendment; however, we noted that the federal grantor agency, as of the time of our fieldwork in March 2007, had never approved the use of the methodology. Failure to obtain federal grantor approval could result in unallowed costs should the State Plan amendment not be approved.

*Recommendation:*

We recommend the Office of the Governor – Division of Medicaid ensure outpatient rates are calculated in accordance with the Mississippi Medicaid State Plan, as approved by the federal grantor agency.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

---

**MEDICAID**

**ALLOWABLE COSTS/COST PRINCIPLES**

*Immaterial Noncompliance*

93.776

Hurricane Katrina Relief

Federal Award Number and Year: 05-0605MSKBUC, 2006  
Questioned Costs: not determined

06-13

Payments for Uncompensated Care Should Be Reviewed for Duplication and Clerical Accuracy

*Finding:*

Due to the effects of Hurricane Katrina in August 2005, the Office of the Governor – Division of Medicaid received special funding from its federal grantor to reimburse providers for the cost for medically necessary services for individuals displaced by Hurricane Katrina who did not have coverage under another health plan (i.e. private insurance, Medicaid, Medicare, etc.). The funding was for services provided during the period August 24, 2005 to January 31, 2006. This funding was designated as the Uncompensated Care Pool. Providers submitted paper claims to the Division of Medicaid for the services provided for which they received no compensation. The Division of Medicaid manually priced the uncompensated care claims in accordance with the appropriate methodology under the current Mississippi Medicaid State Plan (State Plan). Testwork performed on uncompensated care claims revealed the following problems related to duplicate claim payments.

- The agency received \$3,593,367 in refunds from providers related to uncompensated care payments as of March 16, 2007. A review of the support for two refunds revealed the duplication of payment (one payment through the regular electronic claims system and one payment through the manual uncompensated care payment system). Due to the volume of refunds received, it was not practical to extend our testwork.
- Using the uncompensated care claim database provided by the agency, we also identified approximately \$439,000 in duplicate payments. It appears that these identified claims were paid more than once from the manual uncompensated care payment system.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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Agency personnel have indicated that, at this time, no procedures have been utilized to compare the uncompensated care claim payments made through the manual system to the claim payments made through the regular electronic claim system. Based on the evidence of duplicated claims, as well as the refunds already received to-date, it appears that further work should be performed to identify duplicated claims paid through both the electronic and manual systems.

Also noted during our review of the manual pricing of 60 uncompensated care claims were two instances in which the claim had been incorrectly calculated. The claims were paid to the same provider. The error resulted in an overpayment to the provider of \$150.

*Recommendation:*

We recommend the Office of the Governor – Division of Medicaid implement procedures to research the payments made under the uncompensated care program to identify duplicate payment of claims. Repayment of funds should be sought from providers who received payments in error. Also, post program procedures should be performed to ensure claims were paid at the correct amount.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**MEDICAID**

**CASH MANAGEMENT  
REPORTING**

*Immaterial Noncompliance*

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0605MS5028, 2006  
Questioned Costs: \$509,200

06-07

Adjustments to Administrative Costs Should Be Correctly Calculated

*Finding:*

In October of 2003, the Office of the Governor – Division of Medicaid (Division) implemented a new Medicaid Management Information System (MMIS) named Envision. Per the Division's cost allocation plan, the federal match rate for operational costs of the fiscal agent would normally be 75 percent. However, the Centers for Medicare and Medicaid Services (CMS) required that a match rate of 50 percent be used until the new system had been certified by the federal grantor. After certification, the agency was able to retroactively apply the 75 percent match rate. During our review of the June 30, 2006 federal CMS 64 report, we noted the agency made an adjustment to the report and drew an amount to retroactively claim the additional match rate for operational expenditures of the fiscal agent. This action was taken based on federal grantor approval and the adjustment amount was calculated in consultation with CMS officials. However, our review of the computations and supporting documentation on file revealed the following errors.

- Information was included in the computation schedule for June and July 2004 fiscal agent operational invoices which had already been claimed at 75% per review of the September 2004 quarterly CMS 64 report. The two invoices totaled \$1,623,406.
- An amount of \$479,167 from the August 2004 fiscal agent operational invoice was included in the computation schedule which had already been claimed at 75% per review of the December 2004 quarterly CMS 64 report.
- An amount of \$66,732 from the October 2003 fiscal agent operational invoice had been left out of the computation schedule.

**STATE OF MISSISSIPPI**  
**Schedule of Findings and Questioned Costs**  
**Part 3 - Federal Award Findings and Questioned Costs (continued)**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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- The information related to the December 2005 invoice for fiscal agent operational costs was included in the computation schedule using an estimate of \$818,971. The actual invoice totaled \$818,010.

The errors noted above resulted in the agency reporting and drawing excess federal funds in the amount of \$509,200. It should be noted the agency made a correcting entry to properly reflect these costs when the error was brought to their attention.

*Recommendation:*

We recommend the Office of the Governor - Division of Medicaid use greater care when computing adjustments to the CMS 64 report. Because corrections have already been completed by agency personnel, there is no further corrective action needed.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOMELAND SECURITY

CFDA/Finding  
Number

Finding and Recommendation

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EMERGENCY MANAGEMENT

SUBRECIPIENT MONITORING

*Material Noncompliance*

97.036

Disaster Grants - Public Assistance

Federal Award Number and Year: Various

06-25

Agency Should Comply with Subrecipient Monitoring Requirements

*Finding:*

OMB Circular A-133 requires that pass-through entities perform certain functions to ensure that subrecipients are complying with federal grant requirements. Testwork performed on the Public Assistance Grant revealed Mississippi Emergency Management Agency personnel are not collecting audit reports timely from sub-recipients and are not reconciling amounts reported on the sub-recipients' schedules of expenditures of federal awards with Agency records of amounts passed through the Agency for program expenditures.

*Recommendation:*

We recommend the Mississippi Emergency Management Agency implement procedures to ensure the sub-recipient audit reports are timely received and reconciled to supporting Agency documentation for any amounts passed through to sub-recipients.

STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (continued)

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U. S. DEPARTMENT OF HOMELAND SECURITY (continued)

CFDA/Finding  
Number

Finding and Recommendation

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**PUBLIC SAFETY**

**ALLOWABLE COSTS/COST PRINCIPLES  
REPORTING**

*Material Weakness*

*Material Noncompliance*

16.579  
20.600  
97.004

Edward Byrne Memorial Formula Grant Program  
State and Community Highway Safety  
State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

06-19

Documentation Supporting Federal Reports Should Be Maintained

*Finding:*

Testwork performed at the Mississippi Department of Public Safety for fiscal year 2006 revealed that the agency was unable to reconcile the detail of expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation. We also noted the agency was unable to reconcile amounts reported on the Federal Status Report (FSR) Form 269 to supporting documentation.

Office of Management and Budget Circular A-133 Compliance Supplement requires adequate records be maintained to support amounts drawn from federal programs. Also, good internal controls dictate that adequate supporting documentation be on hand to support amounts reported to the federal government.

*Recommendation:*

The agency should ensure documentation supporting federal reports and the Schedule of Expenditures of Federal Awards is properly maintained in a format which allows for an efficient audit. Agency personnel should reconcile these reports and schedules to the supporting records and maintain the documentation for audit purposes.

**STATE OF MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Part 3 - Federal Award Findings and Questioned Costs (concluded)**

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**U. S. DEPARTMENT OF HOMELAND SECURITY (concluded)**

**CFDA/Finding  
Number**

**Finding and Recommendation**

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**PUBLIC SAFETY**

**SUBRECIPIENT MONITORING**

*Material Noncompliance*

97.004

State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

06-24

Agency Should Comply with Subrecipient Audit Requirements

*Finding:*

OMB Circular A-133 requires the primary recipient of federal funds to notify subrecipients of all audit requirements and determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient receiving more than \$500,000 in a fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

We noted that the Mississippi Department of Public Safety was not in compliance with Domestic Preparedness Equipment Support Program requirements related to subrecipient audits. The agency was not ensuring that audit reports are received from the applicable subrecipients, and audit reports that are received were not being reviewed by the agency. Furthermore, an audit schedule designed to track the activities of subrecipients was not being employed by the agency.

*Recommendation:*

The agency should implement procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed. This is a repeat of a prior year finding.

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## II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



## STATE OF MISSISSIPPI

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### SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2006

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#### Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
  - a. "Fully Corrected" - All corrective action has been taken.
  - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
  - c. "Not Corrected" - Corrective action has not been taken.
  - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
  - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
  - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2006

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**STATE OF MISSISSIPPI**  
**Summary Schedule of Prior Federal Audit Findings**  
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\*a Even though the agency indicates the finding was partially corrected, our testwork did not reveal current year problems, and a finding was not considered necessary in fiscal year 2006.

\*b A similar finding was written for fiscal year 2006.

\*c The agency indicates the finding was fully corrected. However, testwork for fiscal year 2006 revealed on-going problems. A new finding was written.

STATE OF MISSISSIPPI

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2006

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**STATE OF MISSISSIPPI  
DEPARTMENT OF EDUCATION**

Hank M. Bounds  
State Superintendent of Education

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2006**

**04-08 Controls over Reporting Should Be Strengthened**

CFDA 84.010 Title I Grants to Local Educational Agencies

**PARTIALLY CORRECTED**

Controls have been implemented in the Mississippi Department of Education – Office of Innovative Support to ensure that data reported in the Consolidated State Performance Report (CSPR) is subjected to proper supervisory reviews.

Procedures have also been implemented to ensure that source documentation supporting the data reported in the CSPR is properly maintained. However, implementation was not fully completed until after the preparation of the 2004-2005 CSPR. The results of future audits should reflect the implementation of corrective action procedures by the Office of Innovative Support.

**05-18 Controls over Allowable Costs Should Be Strengthened**

CFDA 10.560 State Administrative Expenses for Child Nutrition

**FULLY CORRECTED**

**05-19 Controls over Maintenance of Effort Requirement Should Be Developed**

CFDA 84.027 Special Education – Grants to States  
CFDA 84.173 Special Education – Preschool Grants

**FULLY CORRECTED**

05-20 Controls over Carryover Requirement Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

**PARTIALLY CORRECTED**

Procedures have been implemented in the Mississippi Department of Education – Office of Federal Financial Management to ensure that documentation used to determine and support LEA compliance with carryover requirements is properly maintained. Implementation of these procedures was not fully completed until the review of carryover funds for the 2005-2006 grant. The results of future audits should reflect the implementation of corrective action procedures by the Office of Federal Financial Management.

05-21 Controls over Comparability Requirements Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

**PARTIALLY CORRECTED**

Procedures have been implemented in the Mississippi Department of Education – Office of Innovative Support to ensure that comparability reports are received from LEAs to document compliance with comparability requirements. The Office of Innovative Support continues to work to implement review and follow up procedures relative to the data reported by LEAs on the comparability reports. The results of future audits should reflect the completion of the corrective action process still in progress.

05-22 Controls over Reporting Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

**PARTIALLY CORRECTED**

Controls have been implemented in the Mississippi Department of Education – Office of Innovative Support to ensure that data reported in the Consolidated State Performance Report (CSPR) is subjected to proper supervisory reviews.

Procedures have also been implemented to ensure that source documentation supporting the data reported in the CSPR is properly maintained and to ensure the completeness of documentation used to compile the report. However, implementation was not fully completed until after the preparation of the 2004-2005 CSPR. The results of future audits should reflect the implementation of corrective action procedures by the Office of Innovative Support.

05-23 Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

CFDA 10.558 Child and Adult Care Food Program

**PARTIALLY CORRECTED**

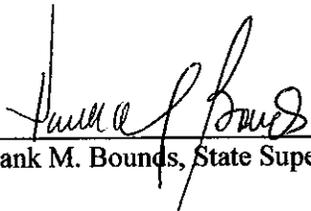
Procedures have been implemented in the Mississippi Department of Education – Office of Child Nutrition to ensure A-133 audits of subrecipients are received from subrecipients and to ensure the audit log used to track receipt of A-133 audits is complete. The Office of Child Nutrition continues to work to implement procedures to ensure A-133 audits of subrecipients are received within the required time frame. The results of future audits should reflect the completion of the corrective action process still in progress.

05-24 Agency Should Ensure Compliance with Earmarking Requirements

CFDA 84.010 Title I Grants to Local Educational Agencies

**FULLY CORRECTED**

Signed:

  
\_\_\_\_\_  
Hank M. Bounds, State Superintendent of Education

Date: April 12, 2007

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# MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2006

### DEPARTMENT OF HOMELAND SECURITY

#### Finding 05-28

##### Controls over Approval of Subgrantee Requests Should be Consistently Applied

###### 97.004 State Domestic Preparedness Equipment Support Program

*Condition:* This finding was a reportable condition stating that approval of all subgrantee requests should be accompanied by a memorandum or letter requesting reimbursement and copies of each invoice supporting the subgrantee's expenditures or other documentation as proof of disbursement of funds by the subgrantee.

*Recommendation:* The auditor recommended that procedures be implemented requiring all employees reviewing subgrantee requests to consistently adhere to the procedures stipulated in the Subgrantee Cooperative Agreement by ensuring copies of checks are obtained prior to approval of reimbursement requests.

*Current Status:* The auditor verified that the Mississippi Emergency Management Agency has developed a checklist for personnel during the review of subgrantee reimbursement requests to certify that all expenditures meet grant requirements in accordance with the Subgrantee Cooperative Agreement. No similar findings were noted in the 2006 audit.

#### Finding 05-29

##### Schedule of Expenditures of Federal Awards Should be Reconciled

###### 97.004 State Domestic Preparedness Equipment Support Program

*Condition:* This finding was a reportable condition stating that the amounts reported on the Schedule of Expenditures of Federal Awards did not agree to supporting program documentation on hand at the agency.

*Recommendation:* The auditor recommended the Mississippi Emergency Management Agency ensure the Schedule of Expenditures of Federal Awards is properly completed and supporting documentation be maintained.

*Current Status:* The auditor verified that the Mississippi Emergency Management Agency required the contract accounting firm to reconcile expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation during GAAP preparation. Reports from the state automated accounting system (SAAS) are retained in the GAAP package and support the amounts listed for receipts and expenditures listed on the Schedule. No similar findings were noted in the 2006 audit.

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STATE OF MISSISSIPPI  
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION  
J.K. STRINGER, JR.  
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended June 30, 2006

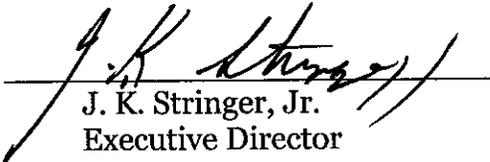
05-30      Transfers from Self-Insurance Funds Should Not Include Federal Funds

93-UN      Various

Not Corrected

Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the FY 2007 plan is submitted to the federal government, we will provide information about the FY 2005 transfers and begin the negotiation process to determine appropriate action. We are still awaiting review and final settlement of the FY 2004 Statewide Cost Allocation Plan, which will include resolution for the transfers made in FY 2002. When a settlement is reached concerning the FY 2002 transfers, we will be in a better position to know how the federal negotiators plan to resolve this issue, if additional or different information will be needed relative to the FY 2005 transfers, and in what format that information should be.

Signed: \_\_\_\_\_

  
J. K. Stringer, Jr.  
Executive Director

Date: \_\_\_\_\_

5-1-07

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## MISSISSIPPI DEPARTMENT OF HEALTH

March 30, 2007

Phil Bryant, State Auditor  
Office of the State Auditor  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

Pursuant to your request, the following provides the Schedule of Prior Year Findings for the Department of Health for the Year Ended June 30, 2005. The original response to the findings was contained in our letter to you dated May 23, 2006.

05-31 Controls Over Time Study Procedures Should Be Strengthened

- 93.268        Immunization Grants
- 93.283        Centers for Disease Control and Prevention – Investigations and  
                  Technical Assistance (Bioterrorism Program)
- 93.994        Maternal and Child Health Services Block Grant to the States

**FULLY CORRECTED**

Beginning in FY'07, we have strengthened our procedures to ensure the time study information is submitted timely and accurately. We are reconciling the time and effort reports to the salaries paid per the financial system and any necessary adjustments are made.

05-32 Controls Over Reporting Should Be Strengthened

- 93.994        Maternal and Child Health Services Block Grant to the States

**FULLY CORRECTED**

Controls have been established to ensure federal reports are properly prepared and submitted to the federal granting agency. Beginning in December 2004, a spreadsheet was developed to track all reporting requirements.

**BRIAN W. AMY, MD, MHA, MPH • STATE HEALTH OFFICER**

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700  
601-576-7634 • Fax 601-576-7931 • [www.HealthyMS.com](http://www.HealthyMS.com)

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Summary of Prior Federal Audit Findings  
March 30, 2007  
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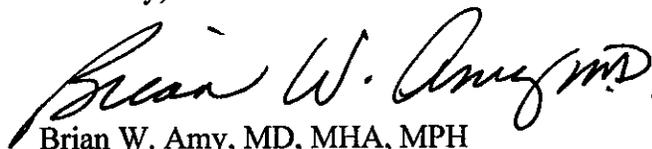
05-33 Controls Over Special Reporting Should Be Strengthened

93.994          Maternal and Child Health Services Block Grant to the States

FULLY CORRECTED

We are keeping on file all requested data reports along with substantiated data and documentation of data sources for auditing purposes.

Sincerely,

A handwritten signature in black ink that reads "Brian W. Amy, MD". The signature is written in a cursive style with a large, stylized initial "B".

Brian W. Amy, MD, MHA, MPH  
State Health Officer



STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID  
DR. ROBERT L. ROBINSON  
EXECUTIVE DIRECTOR

**SUMMARY SCHEDULE OF PRIOR FEDERAL  
AUDIT FINDINGS  
For the Year ended June 30, 2004**

04-16 Controls Should Be Strengthened over Recipient Service Limits

CFDA #93.778      Medical Assistance Program

PARTIALLY CORRECTED

During FY 2008, the Bureau of Systems Management will add additional staff and incorporate a new quality assurance function. Some of the new QA duties will involve ongoing monitoring of service limits and claims payment policies to ensure payments are within the limits and policies set forth in the State Plan. In addition, during the week of April 9, 2007, the Bureau of Systems Management is planning to run service limit reports for the period July 1, 2006 to March 31, 2007.

04-18 Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

CFDA #93.778      Medical Assistance Program

PARTIALLY CORRECTED

The agency has researched the exceptions and submitted the following CSRs to address those exceptions:

Inpatient Hospital Days – CSR MA04001038 was finished and placed into production on 2/12/2007. However, CSR DO07006307 will impact the mass adjustment. Therefore, the mass adjustment will not be done until this CSR is completed.

Outpatient Hospital Visit – CSR MA06005145 was placed into production on 12/18/2006. The mass adjustment will be released on 4/16/2007. CSR MA05002444 is scheduled for mass adjustment in mid-May.

04-19 Agency Should Ensure Physician Visit Claims in Excess of Service Limits Are Denied

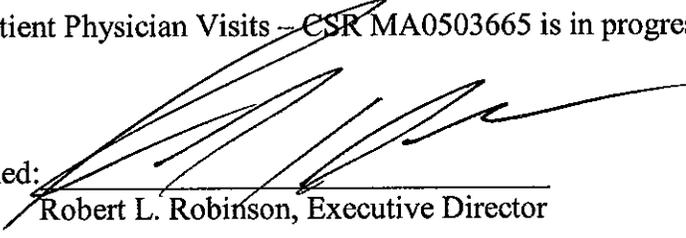
CFDA #93.778      Medical Assistance Program

PARTIALLY CORRECTED

The agency has researched the exceptions and submitted the following CSRs to address those exceptions:

Physician Visits – DO06004299 has been completed and the mass adjustment was done on 10/30/2006.

Inpatient Physician Visits – CSR MA0503665 is in progress.

Signed: 

Robert L. Robinson, Executive Director

Date: 4-13-07



STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID  
DR. ROBERT L. ROBINSON  
EXECUTIVE DIRECTOR

**SUMMARY SCHEDULE OF PRIOR FEDERAL  
AUDIT FINDINGS  
For the Year ended June 30, 2005**

05-15 Agency Should Ensure Paid Hospital Claimd Do Not Exceed Service Limits

CFDA #93.778          Medical Assistance Program

PARTIALLY CORRECTED

The agency has researched the exceptions and submitted the following CSRs to address those exceptions:

Inpatient Hospital Days – CSR MA04001038 was finished and placed into production on 2/12/2007. However, CSR DO07006307 will impact the mass adjustment. Therefore, the mass adjustment will not be done until this CSR is completed.

Outpatient Hospital Visit – CSR MA06005145 was placed into production on 12/18/2006. The mass adjustment will be released on 4/16/2007. CSR MA05002444 is scheduled for mass adjustment in mid-May.

05-16 Agency Should Ensure Physician Visit Claims in Excess of Service Limits Are Denied

CFDA #93.778          Medical Assistance Program

PARTIALLY CORRECTED

The agency has researched the exceptions and submitted the following CSRs to address those exceptions:

Physician Visits – DO06004299 has been completed and the mass adjustment was done on 10/30/2006.

Inpatient Physician Visits – CSR MA0503665 is in progress.

05-17 Agency Should Ensure Hospital Claims Are Paid in Accordance with the State Plan

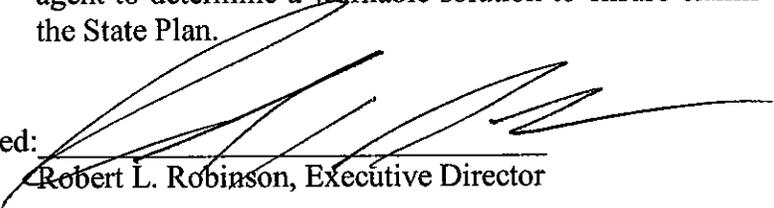
CFDA #93.778

Medical Assistance Program

NOT CORRECTED

Due to the complexity of the issue, the agency will address this issue with our fiscal agent to determine a workable solution to ensure claims are paid in accordance with the State Plan.

Signed:

  
Robert L. Robinson, Executive Director

Date:

4-13-07



**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR  
**MISSISSIPPI DEVELOPMENT AUTHORITY**  
GRAY SWOOPE  
EXECUTIVE DIRECTOR

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**For the Year Ended June 30, 2006**

04-13 Controls over Period of Affordability Inspections Should be Strengthened

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

The computerized monitoring system developed to track projects for the period of affordability continues to experience some difficulties in capturing all needed information. Community Service staff continues to work with Information Technology Staff to identify and correct these deficiencies on an on-going basis.

05-08 Controls over Program Income Should be Strengthened

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

Processes have been defined. However, there has not been consistency in application. Tracking tools and sensitivity training will be developed and presented to project monitors and other appropriate staff.

05-09 Controls over Real Property Acquisition/Relocation Assistance Requirements Should be Strengthened

14.239 HOME Investment Partnership Program

FULLY CORRECTED

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Page 2

05-10 Controls over Reporting Should Be Strengthened

14.239 HOME Investment Partnership Program

FULLY CORRECTED

05-11 Controls over Monitoring Subrecipient Audit Requirement Should be Strengthened

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

Although the procedure for monitoring audit requirement was revised, Community Services staff continues to work to identify additional controls to monitor the receipt of subrecipient audit reports.

05-12 Controls over Period of Affordability Inspections Should Be Strengthened

14.239 HOME Investment Partnership Program

PARTIALLY CORRECTED

The computerized monitoring system developed to track projects for the period of affordability continues to experience some difficulties in capturing all needed information. Community Service staff continues to work with Information Technology Staff to identify and correct these deficiencies on an on-going basis.

05-13 Controls over the Allocation of Program Funds Should Be Strengthened

14.239 HOME Investment Partnership Program

FULLY CORRECTED

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Page 3

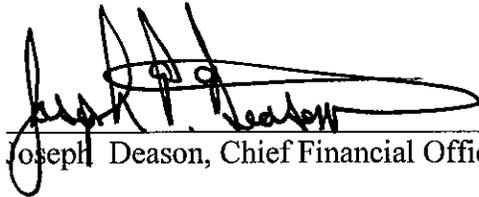
05-25 Controls over Subrecipient Monitoring Should be Strengthened

14.228 Community Development Block Grant/State's Program

NOT CORRECTED

The Community Services Division, in consultation with HUD, is in the process of implementing major reorganization in the monitoring of the CDBG program. In our new plan, monitoring will take place two to three times during the project period. HUD will be providing technical assistance to the State on an ongoing basis. In addition to the reorganization, CSD will work with information technology staff to develop a computerized monitoring system to ensure proper monitoring is performed in a timely matter.

Signed:



Joseph Deason, Chief Financial Officer

Date: May 11, 2007

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# MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

DEPARTMENT OF PUBLIC SAFETY

### CASH MANAGEMENT REPORTING

Finding 05-01

#### Controls Over Federal Reimbursement and Reporting Should Be Strengthened

16.579 Byrne Formula Grant Program

*Condition:* This finding was a reportable condition related to the following:

- No supervisory review and verification of the accuracy of federal reimbursement request submitted to the federal grantor agency was being performed.
- Thirteen out of 25 instances in which reporting worksheets prepared by the subgrantees were not submitted to the agency timely, ranging from one to 16 working days late.

Good internal controls dictate a supervisory review be performed on all federal reimbursement requests and supporting documentation to ensure accuracy and agreement. Also, per the agency's guidelines for subgrantees, reporting worksheets should be submitted for each calendar month by the fifth business day of the following month. Failure to perform a supervisory review of each request and supporting documentation could allow errors to occur without being promptly detected. Also, the untimely reporting and reimbursement of expenditures could hinder the agency's ability to manage the program effectively and to comply with federal laws.

*Recommendation:* The auditor recommended that the Mississippi Department of Public Safety strengthen controls over federal reimbursement procedures and reporting for the Byrne Formula Grant Program by ensuring a supervisory review be performed and documented on all federal reimbursement requests and supporting documentation. The auditor further recommended the agency ensure subgrantees submit reporting worksheets by the fifth business day of the following calendar month as required in the program's guidelines for subgrantees.

*Current Status:* The auditor noted that the Mississippi Department of Public Safety has implemented supervisory reviews of the accuracy of federal reimbursement requests submitted to the federal grantor agency with regard to the Byrne Formula Grant Program. The auditor also noted that reporting worksheets prepared by subgrantees were not being submitted to the agency timely in spite of the agency changing the date for submitting worksheets from the 5<sup>th</sup> working day following the month to the 10<sup>th</sup> working day following the month. This finding was partially repeated in the current year as Finding 06-20.

# MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

### DEPARTMENT OF PUBLIC SAFETY (Cont.)

#### Finding 05-02

#### Controls Over Federal Reimbursement Procedures and Reporting Should Be Strengthened

##### 20.600 State and Community Highway Safety

*Condition:* This finding was a reportable condition stating there was no supervisory review performed to ensure the accuracy of the Highway State Plan Cost Summary or the Federal Reimbursement Voucher related to the State and Community Highway Safety Program. Furthermore, the finding stated there was not an adequate segregation of duties related to entering and approving subgrant expenditures into the Statewide Automated Accounting System (SAAS) for generation of payment vouchers and for the posting and submitting of all transactions into the Grants Tracking System (GTS).

*Recommendation:* The auditor recommended that the Mississippi Department of Public Safety strengthen controls over federal reimbursement procedures and reporting for the State and Community Highway Safety Program by ensuring reports are reviewed for accuracy by supervisory personnel. The performance of this review should be documented with the initials of the reviewer and the date of the review. The auditor further recommended the agency ensure duties are properly segregated to ensure no one person has complete control over the initiation, approval, and reporting of a transaction within the Grants Tracking System.

*Current Status:* The auditor noted that the Mississippi Department of Public Safety has implemented adequate segregation of duties for this prior year finding.

### REPORTING

#### Finding 05-03

#### Controls Over Financial Status Reports Should Be Strengthened

##### 16.579 Byrne Formula Grant Program

*Condition:* This finding was a reportable condition related to the Byrne Formula Grant Program at the Mississippi Department of Public Safety being required to submit a financial status report (SF-269) to the federal grantor agency on a quarterly basis as a condition of their grant award. During the auditor's review of the financial status reports, it was noted that supervisory reviews were not being performed on

## MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

#### DEPARTMENT OF PUBLIC SAFETY (Cont.)

the SF-269 reports to ensure accuracy and completeness. Good internal controls require a supervisory review be performed on reports to the federal grantor agency to ensure accuracy and completeness. Failure to perform a supervisory review of financial status reports could allow errors to occur without being detected promptly.

*Recommendation:* The auditor recommended the Mississippi Department of Public Safety strengthen controls over the preparation of financial status reports for the Byrne Formula Grant Program by requiring supervisory reviews be performed on the reports to ensure accuracy and completeness. The performance of this review should be documented with the initials of the reviewer and the date of the review.

*Current Status:* The auditor verified that the Mississippi Department of Public Safety required that supervisory reviews be performed on financial status reports for the Byrne Formula Grant Program. Auditor noted that the reviews were documented with the initials of the reviewer and the date of the review.

#### SUBRECIPIENT MONITORING

Finding 05-04

#### Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

16.579 Byrne Formula Grant Program

*Condition:* This finding was a reportable condition stating that during testwork performed on the Byrne Formula Grant Program at the Mississippi Department of Public Safety for A-133 audits received by the agency for subrecipient audit year 2003, the auditor noted the following:

- Two instances out of four tested, or fifty percent, in which the audit reports were not submitted to the agency within nine months after the subrecipient's fiscal year end.
- Four instances out of four tested, or one hundred percent, in which audit reports were not reviewed by the agency within six months after receipt of audit reports.
- Three instances out of four tested, or seventy-five percent, in which there was no documentation of supervisory review of the checklist used to review the submitted audit reports. The fourth audit report had not been reviewed by agency personnel as of date of fieldwork.
- One instance out of four tested, or twenty-five percent, in which the subrecipient's contract file did not contain the clauses pertaining to OMB Circular A-133 audit requirements.

## MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

#### *DEPARTMENT OF PUBLIC SAFETY (Cont.)*

In addition, the auditor reviewed the agency's audit schedule and noted the schedule did not provide adequate information to track the activities of the subrecipients. The following deficiencies were noted:

- One subrecipient which received federal funds in federal fiscal year 2003 was not listed on the audit schedule.
- Second notices were not sent to the subrecipients that did not respond to the first audit compliance letter.
- The audit schedule did not indicate the dates when the audit compliance letters were mailed out, when the agency received the compliance letter attachment forms, when the agency received the audit reports from the subrecipients, or when the agency reviewed the reports and submitted the management's decision.

Without adequate controls over the notification of audit requirements, the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely.

*Recommendation:* The auditor recommended the Mississippi Department of Public Safety strengthen controls over monitoring subrecipient audit requirements for the Byrne Formula Grant Program by implementing procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements and all subrecipient's contracts should contain a clause pertaining to the OMB Circular A-133 audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

*Current Status:* The auditor noted that Department of Public Safety has not implemented a corrective action plan related to monitoring subrecipient audit requirement for the Byrne Formula Grant Program. This finding was repeated in the current year as Finding 06-21.

#### **SUBRECIPIENT MONITORING**

Finding 05-05

#### Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

20.600 State and Community Highway Safety

## MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

#### *DEPARTMENT OF PUBLIC SAFETY (Cont.)*

*Condition:* This finding was a reportable condition stating that during testwork performed on the State and Community Highway Safety Program at the Mississippi Department of Public Safety for A-133 audits received by the agency for subrecipient audit year 2003, the auditor noted the following:

For two subrecipients selected, there was no indication of the date the audit reports were received; therefore, the auditor was unable to determine if the reports were submitted within nine months after the subrecipient's fiscal year end. Furthermore, the auditor could not determine if the reports were reviewed within six months after the receipt of the audit reports. The auditor also noted there was no supervisory review of the audit checklist used to review the submitted audit reports.

In addition, the auditor reviewed the agency's audit schedule and noted the following deficiencies:

- One subrecipient that received more than \$300,000 in federal funds for fiscal year 2003 was not included on the audit schedule and a copy of their audit report was not on file at the agency.
- Second notices were not sent to the subrecipients that did not respond to the first audit compliance letter.
- The audit schedule did not indicate the dates when the audit compliance letters were mailed out, when the agency received the compliance letter attachment forms, when the agency received the audit reports from the subrecipients, or when the agency reviewed the reports and submitted the management's decision.

Without adequate controls over the submission and review of audit reports, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely.

*Recommendation:* The auditor recommended the Mississippi Department of Public Safety strengthen controls over monitoring subrecipient audit requirements for the State and Community Highway Safety Program by implementing procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

*Current Status:* The auditor noted has not implemented a corrective action plan related to monitoring subrecipient audit requirement for the Byrne Formula Grant Program. This finding was repeated in the current year as Finding 06-23.

# MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

DEPARTMENT OF PUBLIC SAFETY (Cont.)

### SUBRECIPIENT MONITORING

Finding 05-06

#### Controls Over Subrecipient Monitoring Should Be Strengthened

20.600 State and Community Highway Safety

*Condition:* This finding was a reportable condition stating that subrecipient monitoring testwork on the State and Community Highway Safety Program for the Mississippi Department of Public Safety revealed the following:

- There was no tracking system to schedule and assure timely on-site monitoring visits.
- Supervisory reviews of monitoring reports were not documented.
- The policies and procedures manual did not contain processes for corrective actions by subgrantees and follow-up reviews by the agency.

*Recommendation:* The auditor recommended the Mississippi Department of Public Safety strengthen controls over subrecipient monitoring by implementing a tracking system to ensure all subrecipients of the State and Community Highway Safety Program are monitored for compliance with federal regulations in accordance with the agency's policies and procedures. Policies and procedures which address the subrecipients' corrective action and the agency's follow-up review processes should be established. The auditor further recommended the agency ensure supervisory reviews of monitoring reports be documented with the reviewer's initials and date of the review.

*Current status:* The auditor verified that the Mississippi Department of Public Safety ensured that policies and procedures which address the subrecipients' corrective action and the agency's follow-up review processes were established. Also, auditor verified that the agency ensured supervisory reviews of monitoring reports were documented with the reviewer's initials and the date of the review. The auditor also noted that a tracking system was implemented to ensure all subrecipients of the State and Community Highway Safety Program are monitored for compliance with federal regulations in accordance with the agency's policies and procedures.

## MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

#### DEPARTMENT OF PUBLIC SAFETY (Cont.)

#### MATCHING, LEVEL OF EFFORT, EARMARKING

Finding 05-07

#### Agency Should Comply With Earmarking Requirements

20.600 State and Community Highway Safety

*Condition:* This finding was a reportable condition stating that during testwork on the State and Community Highway Safety Program at the Mississippi Department of Public Safety, the auditor noted the agency exceeded the ten percent planning and administration cost by \$12,619 due to a computer system error. *The Code of Federal Regulations (23 CFR 1252.4)* states, "Federal contribution for planning and administration activities shall not exceed 10 percent of the total funds the State receives under 23 U.S.C. 402." Failure to ensure that expenditures submitted to the federal grantor do not exceed earmarking requirements could result in noncompliance with federal regulations.

*Recommendation:* The auditor recommended the Mississippi Department of Public Safety ensure compliance with earmarking requirements for planning and administrative costs for the State and Community Highway Safety Program. The auditor further recommended the agency contact the federal grantor agency to determine the necessary corrective action.

*Current Status:* The auditor verified that the agency did not exceed the ten percent planning and administration cost earmarking requirement.

#### DEPARTMENT OF HOMELAND SECURITY

Finding 05-26

#### Documentation Supporting Federal Reports Should Be Maintained

97.004 Homeland Security Grant Program  
97.067 ODP Homeland Security Grant Program

*Condition:* This finding was a material weakness stating that the Mississippi Department of Public Safety was unable to reconcile the detail of expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation. The auditor also noted the agency was unable to reconcile amounts reported on the Federal Status Report (FSR) Form 269 to supporting documentation.

## MISSISSIPPI DEPARTMENT OF PUBLIC SAFETY

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2006

#### *DEPARTMENT OF HOMELAND SECURITY (Cont.)*

*Recommendation:* The auditor recommended that the Mississippi Department of Public Safety should have a system in place to periodically reconcile expenditures reported on the Schedule of Federal Grant Activity and FSR Form 269 to supporting detail.

*Current Status:* The auditor noted that a system has not been implemented that would ensure that expenditures reported on the Schedule of Expenditures of Federal Awards and FSR Form 269 is reconciled to supporting detail. This finding was repeated in the current year as Finding 06-19.

Finding 05-27

#### Controls over Subrecipient Monitoring Should Be Strengthened

97.004 Homeland Security Grant Program

97.067 ODP Homeland Security Grant Program

*Condition:* This finding was a reportable condition stating that the Mississippi Department of Public Safety did not adequately monitor subrecipients' compliance with Office and Management and Budget (OMB) Circular A-133 audit requirements with regard to the Homeland Security Grant Program.

*Recommendation:* The auditor recommended that the Mississippi Department of Public Safety should implement procedures to monitor subgrantees compliance with the Single Audit Act.

*Current Status:* The auditor noted has not implemented a corrective action plan related to the monitoring subrecipient audit requirement for the Homeland Security Grant Program. This finding was repeated in the current year as Finding 06-24.

### III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



**STATE OF MISSISSIPPI**

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**MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS  
FOR THE YEAR ENDED JUNE 30, 2006  
Instructions to Management**

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In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
  - a. Specific steps to be taken to correct situation.
  - b. Name(s) of the contact person(s) responsible for corrective action.
  - c. Anticipated completion date for corrective action.
  - d. Specific reasons why corrective action is not necessary, if applicable.

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

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**STATE OF MISSISSIPPI  
DEPARTMENT OF EDUCATION**

Hank M. Bounds  
State Superintendent of Education

**SINGLE AUDIT FINDINGS**

May 29, 2007

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P. O. Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your correspondence dated May 4, 2007, the Mississippi Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2006:

**AUDIT FINDINGS:**

- |        |  |
|--------|--|
| 10.558 | Child and Adult Care Food Program<br>Subrecipient Monitoring                           |
| 06-14  | <u>Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened</u> |

**Response:**

We concur with the finding and recommendation with clarification. As noted in the finding, the Office of Child Nutrition did attempt on two occasions to obtain the required A-133 audits from the entities in question. These attempts were unsuccessful and program staff subsequently learned that the organizations were no longer in existence. For this reason, the Office of Child Nutrition suspended attempts to obtain the audit reports.

**Corrective Action Plan:**

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

The Mississippi Department of Education – Office of Child Nutrition has strengthened controls to ensure the agency's audit tracking system is accurate and that audit reports are obtained in compliance with federal regulations. Training has been provided to program staff responsible for obtaining audit reports. In addition, written audit resolution

guidelines have been updated and distributed to program staff. These written guidelines are maintained on file in the program office.

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

Scott Clements, Director of Monitoring  
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Implementation has been completed.

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

06-15 Controls over Comparability Requirement Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Innovative Support will strengthen controls to ensure proper monitoring of LEA compliance with comparability requirements. The review by program staff of LEA comparability reports (due from LEAs by September 30) will be documented in writing. When reports indicate comparability deficiencies, the LEA will be notified in writing by the program office and will be required to submit additional documentation noting compliance with the requirement by December 1. If an LEA fails to comply, it will be subject to possible withholding or repayment of Title I, Part A funds in an appropriate amount relative to the instance(s) of noncompliance.

Training relating to these additional procedures will be provided to LEA program personnel prior to the upcoming comparability review.

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

Quentin Ransburg, Director  
Office of Innovative Support

C. Anticipated completion date for corrective action:

Procedures will be implemented during the upcoming comparability review with final completion by December 2007.

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

06-16 Controls over Reporting for Special Tests and Provisions Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education - Office of Innovative Support will maintain source documentation in a central file to support and verify data entered in the Consolidated State Performance Report (CSPR). All divisions will forward the documentation relating to their section of the CSPR to program personnel responsible for maintaining the central file. The completeness of the documentation in the file will be verified by the program director.

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

Quentin Ransburg, Director  
Office of Innovative Support

C. Anticipated completion date for corrective action:

Procedures have been established and will be implemented during the preparation and review of the upcoming 2006-2007 Consolidated State Performance Report.

84.010 Title I Grants to Local Educational Agencies

Period of Availability

06-17 Agency Should Ensure Compliance with Carryover Requirements

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

To ensure more adequate fiscal management of the Title I program, the Office of Federal Financial Management (OFFM) has been created and has been staffed with persons having backgrounds in accounting and fiscal management of federal programs. OFFM has strengthened controls to ensure that dispositions on LEA compliance with Title I carryover requirements are supported in all instances by adequate documentation obtained from the accounting systems of the Department and the LEAs.

The process of carryover monitoring, including communications with LEAs, timely disposition of noncompliance, and tracking of waiver requests will be documented by the OFFM using a summary tracking spreadsheet. All data reported on the spreadsheet will be supported by documentation maintained on file in the OFFM. The proper and timely completion of compliance checks for all LEAs will be monitored through independent and supervisory reviews documented in writing by OFFM personnel.

For the instances that resulted in questioned costs, the Office of Federal Financial Management (OFFM) has obtained documentation from the three LEAs in question supporting the amount of Title I funds obligated as of September 30, 2005. The OFFM is working to complete a determination on whether these LEAs qualify for a waiver of the carryover limitation.

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

Melba Beasley, Director  
Office of Federal Financial Management

C. Anticipated completion date for corrective action:

August 31, 2007

- 84.938            Hurricane Education Recovery  
  
                      Special Tests and Provisions
- 06-18            Agency Should Ensure Compliance with Public Control of Funds Requirement

Response:

We concur with the finding and recommendation with clarification.

After the initial grant award for the Hurricane Relief - Immediate Aid to Restart School Operations ("Restart") program was made to the Mississippi Department of Education on January 5, 2006, guidance concerning the provision of services to non-public schools and requirements on public control was reissued by the United States Department of Education (USDOE). This final non-public school guidance was issued on April 24, 2006 after the \$3,054,224 had already been released by the MDE to non-public schools in the State under prior guidance.

Corrective Action Plan:

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

Once the final non-public guidance was issued by the USDOE, the Mississippi Department of Education (MDE) implemented procedures to ensure the control of Restart funds for the services and assistance provided to non-public schools and the title to materials, equipment, and property purchased with Restart funds were maintained under public control. Services to non-public schools have been provided either directly through the MDE or through contracts with outside entities. Title to materials, equipment, and property has been retained by the MDE. All contractual agreements to provide services to non-public schools contain provisions that provide for public control of funds and public title to materials, equipment, and property purchased with Restart grant funds.

The MDE has collected supporting documentation from all non-public schools that received a portion of the \$3,054,224 in question. The documentation was reviewed to ensure that the funds were spent for allowable purposes.

The USDOE has been aware of this situation since the funds were released. The USDOE has been in contact with the MDE and has provided guidance on actions to take to rectify the situation. The USDOE--Office of Inspector General (OIG) has also reviewed these expenditures and, to date, has not cited the MDE for any unallowable costs. Upon final release of the OIG report, the MDE expects to receive a letter of determination from USDOE providing notification of whether a "hold harmless" ruling will be granted to the MDE.

Phil Bryant, State Auditor  
May 29, 2007  
Page 6

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

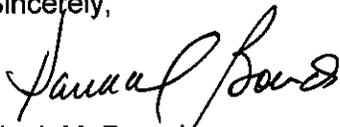
James Hart, School Finance Officer  
Office of Federal Financial Management

C. Anticipated completion date for corrective action:

Implementation has been completed. The MDE is awaiting the determination from the USDOE on the questioned costs.

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

Sincerely,



Hank M. Bounds  
State Superintendent of Education



**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR

**MISSISSIPPI EMERGENCY MANAGEMENT AGENCY**

THOMAS M. "MIKE" WOMACK  
EXECUTIVE DIRECTOR

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2006

**CORRECTIVE ACTION PLAN:**

Mississippi Emergency Management Agency will collect single audit reports timely from sub-recipients and will document response from sub-recipients who have not filed timely. Additionally, MEMA will reconcile amounts reported on the sub-recipients' schedules of expenditures of federal awards with Agency records of amounts passed through the Agency for program expenditures.

Signed: Thomas M. Womack  
Thomas M. (Mike) Womack, Executive Director

Date: January 9, 2007

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**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

J.K. STRINGER, JR.  
EXECUTIVE DIRECTOR

May 30, 2006

**SINGLE AUDIT FINDING**

Honorable Phil Bryant  
State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the finding and recommendation contained in your Single Audit Management Report dated May 3, 2007.

**AUDIT FINDING:**

93.UN Various

**ALLOWABLE COSTS/COST PRINCIPLES**

06-05        Transfers from Self-Insurance Funds Should Not Include Federal Funds

Response:    We concur with this finding.

**Corrective Action Plan:**

- A.        Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the proposed FY 2008 plan is submitted to the federal government, we will submit information about the FY 2006 transfers and begin the negotiation process to determine appropriate action.

Honorable Phil Bryant

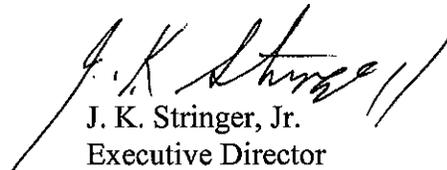
Page 2

May 30, 2007

- B. Mrs. Sandra Lohrisch, Director of the Office of Budget and Accounting, will be responsible for coordinating the corrective action.
- C. Final settlement of this issue will depend on review of the state's SWCAP for FY 2008 by the federal cognizant agency and subsequent negotiations with the federal government.
- D. Not applicable.

If you should need additional information concerning this response, please let me know.

Sincerely,



J. K. Stringer, Jr.  
Executive Director



## **MISSISSIPPI DEPARTMENT OF HEALTH**

### **SINGLE AUDIT FINDINGS**

June 4, 2007

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the Single Audit Findings contained in your letter dated May 17, 2007, for the Fiscal Year 2006 Audit:

#### **AUDIT FINDINGS:**

##### **ALLOWABLE COSTS/ COST PRINCIPLES**

10.557 Special Supplemental Nutrition Program for Woman, Infants, and Children

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006

06-31 MWITS Applications Systems Reliability Should be Improved

**Response:** We concur with the finding.

**Corrective Action:** The MDH staff is and has been working to stabilize the MWITS application by implementing monitoring of processes and addressing reported issues. The two primary areas this covers are replication and backup/recovery. MDH has developed reports that will be monitored on a daily basis to identify issues in these two areas. The resulting actions from failures will be documented for future audits. The completion of the statewide network upgrade will correct several

**BRIAN W. AMY, MD, MHA, MPH • STATE HEALTH OFFICER**

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issues related to the reliability of the replication. MDH and ITS are working through several technical issues to get this upgrade completed.

The continued move to implement an integrated Public Health Management System which includes WIC Clinical and inventory management will allow sufficient edit and control measure to be implemented and will be maintainable over time as requirements change.

### **ALLOWABLE COSTS/ COST PRINCIPLES**

10.557 Special Supplemental Nutrition Program for Woman, Infants, and Children

93.991 Preventive Health and Health Services Block Grant

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006  
2005-B1-MS-PRVS-01, 2005

06-30 Time Study Allocation System Edits and Processes Should Be Improved

**Response:** We concur with the finding.

**Corrective Action:** The MDH staff responsible for Time Study are currently evaluating the edits in both the PIMS application and the Time Study system. Appropriate modifications and/or processes will be and are being implemented to correct confirmed issues.

Additional reporting is being implemented and will be distributed to the appropriate personnel for processing and/or correction.

MDH will review and implement policies, procedures and practices to assist in the tracking and management of original and modifications to original data in order for original to final data to be tracked as identified. Reports generated throughout the allocation process will be maintained to facilitate an audit trail of the entire process.

MDH will define and institute change management procedures for modifications to software and associated supporting data such as budget information, code tables, etc.

## ALLOWABLE COSTS/ COST PRINCIPLES

10.557 Special Supplemental Nutrition Program for Woman, Infants, and  
Children  
93.991 Preventive Health and Health Services Block Grant

Federal Award Number and Year: 5MS700704-009, 2005  
5MS700704-002, 2006  
2005-B1-MS-PRVS-01, 2005

06-29 Controls over Time Study Procedures Should Be Strengthened

**Response:** We concur with the finding.

**Corrective Action Plan:** An adjustment was prepared on May 21, 2007 to decrease the amount charged for payroll to the amount supported by the revised time study data for the WIC program. However, an adjustment is not necessary for the PHHS program since the original amount in the reconciliation was never charged back to the program.

All forms and associated documentation will be maintained as supporting documentation. This will include modifications to forms as dictated through the review and edit process.

MDH will review and update the agency administrative manual to ensure it is consistent with the currently processing systems. The process for making future changes to the system will include a review of the related policies and updates to such if needed.

MDH will implement processes to ensure relative values are defined, reviewed and implemented in a timely manner.

## REPORTING

10.557 Special Supplemental Nutrition Program for Woman, Infants, and  
Children

Federal Award Number and Year: 5MS700704-009, 2005

Mr. Bryant  
June 4, 2007  
Page 4

06-28

Controls over Reporting Should Be Strengthened

**Response:** We concur with the finding.

**Corrective Action Plan:** Controls are in place to ensure federal reports are properly prepared and agree with supporting documentation. Staff will exercise greater caution in preparing and reviewing the federal reports.

Sincerely,

  
Brian W. Amy, MD, MHA, MPH  
State Health Officer



ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

06-10 Hospital Claims in Excess of Service Limits Should Be Denied

Response: Upon further review of the claims in question, one beneficiary had inpatient hospital claims totaling 47 inpatient days; however, one claim for 17 days was voided on October 30, 2006. This leaves a total of 30 inpatient days paid, which is in accordance with policy. In regards to the other claim, the beneficiary in question had inpatient hospital services totaling 58 inpatient days. Edit 3648 – Maximum Inpatient Days Exceeded for Fiscal Year was not set to deny Medicare Part A crossover claims at the time these claims processed.

Corrective Action: CSR 5472 was implemented on October 5, 2006 to correct this problem. The two claims referenced were voided and were special batched on February 5, 2007 to pay.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

06-11 Outpatient Hospital Claims Should Be Paid in Accordance with the State Plan

Response: Due to system complexities, the claims system does not collect a co-pay on revenue codes 450-459. These revenue codes indicate emergency services which in accordance with the State Plan (4.18A, page 3) are exempt from a co-pay.

Corrective Action: The Division is researching this issue; however, designing the required computer edits will be a complex task. The Division will continue to examine this issue and take appropriate corrective action.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

06-12 Outpatient Rates Should Be Calculated in Accordance with the State Plan

Response: DOM wishes to dispute this finding. The Division submitted State Plan Amendments (SPAs) in the second quarter of SFY

See rebuttal to response in Auditor's Notes on page 169.

2006 related to reimbursement of hospital inpatient and outpatient services. The hospital outpatient SPA is currently being held by CMS due to questions related to hospital outpatient UPL payments. These issues are currently being addressed and the Division believes we will receive approval for the outpatient SPA in the near future.

Corrective Action: Upon notification from CMS, the Division will forward sufficient documentation for follow-up purposes.

#### ALLOWABLE COSTS/COST PRINCIPLES

##### Immaterial Noncompliance

93.776 Hurricane Katrina Relief

06-13 Payments for Uncompensated Care Should Be Reviewed for Duplication and Clerical Accuracy

Response: DOM wishes to dispute the reporting of this finding. On August 29, 2005, Hurricane Katrina caused severe destruction in south Mississippi and adversely affected the delivery of health care. CMS provided Mississippi, along with Louisiana and Alabama with a Section 1115 waiver that expedited health care coverage to meet the needs of low-income beneficiaries who needed health care and eliminated barriers in an effort to support evacuees. The states were granted waivers of Federal requirements to allow for flexibility, administrative efficiency, and additional coverage needed to ensure that the most vulnerable citizens received the health care they required.

See rebuttal to response in Auditor's Notes on page 169.

DOM worked very closely with CMS and developed methodologies to prevent fraud which were approved by CMS. In accordance with approved CMS procedures DOM performed the following for all claims submitted under the Uncompensated Care Plan:

- Medicaid and Medicare status was verified by means of system query.
- Medical providers were required to attest that the services provided were: a) medically necessary; b) that they had not received payment from any other source; c) that they would not subsequently bill any other source for the services; d) that they were unaware of any other source of payment; and e) payment would be accepted as payment in full for the claim.
- All claims went through a review process for assessment and pricing. DOM staff looked up the allowed amount for each service billed and calculated the correct reimbursement rates for each claim. All requests for payment were entered into a database and queried before approval of payment in order to prevent duplicate payment for services. These requests were

then forwarded to the fiscal agent for processing as a financial transaction. Since these claims were not processed, nor should they have been, with claims through the regular Medicaid program, there was not a means available to compare the claims billed through the Section 1115 waiver with regular Medicaid claims. In addition, at no time did CMS require that these claims be compared on the front end in such a manner.

When this data was provided to the State Auditor's office, it was made with the understanding that the auditor was reviewing unaudited records. It is our opinion that the actions taken by DOM are in compliance with the CMS approved Mississippi Uncompensated Care Pool plan, specifically, Section VI, whereby it states that DOM will perform retrospective reviews and recoup payments for inappropriate claims.

Corrective Action:

DOM will take the appropriate steps to retrospective reviews and DOM will ensure payments are recouped for inappropriate claims. DOM will provide the State Auditor's office with the results of the retrospective reviews for purposes of follow-up. However, given the fact that DOM has followed the guidelines established by CMS and that DOM has not had the opportunity to schedule the retrospective review, we are requesting that this finding be removed.

CASH MANAGEMENT REPORTING

Immaterial Noncompliance

93.778

Medical Assistance Program

06-07

Adjustments to Administrative Costs Should Be Correctly Calculated

Response:

The actions taken by DOM were in accordance with the information provided by CMS at that time. The sequence of events that led to the adjustment is described below.

DOM submitted a revised cost allocation plan to CMS in January of 2005. The revised cost allocation plan incorporated the changes in costs associated with all fiscal agent contract amendments in effect at the time and was not dependent on the certification of the new MMIS system by the federal grantor. The Division did not receive final approval to apply the 75% enhanced match rate to a portion of these contract amendments until September of 2006. CMS reviewed the calculations related to the \$5,407,232.40 adjustment for additional federal enhanced match funds on the June 30, 2006 federal CMS-64 report. The Division submitted copies of supporting fiscal agent invoices for 2.5 years to CMS as part of their review.

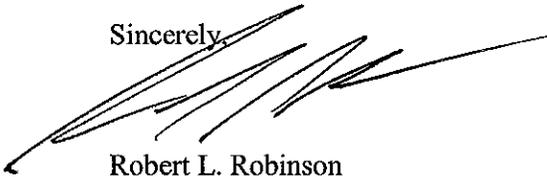
It was later discovered that fiscal agent costs associated with contract amendment #3 for the months of June, July, and August 2004 and amendment #5 for the months of June and July 2004 were reported at the enhanced match rate of 75% and were not reversed in subsequent reporting periods. They were not reversed because the Division fully believed these costs were entitled to the enhanced match rate. Since it took approximately 21 months for a decision to be reached on what fiscal agent contract amendment costs would qualify for the enhanced match rate, this prior adjustment was not considered in calculating the final settlement.

Corrective Action:

The Division has subsequently reduced the prior final settlement amount by \$509,199.51 on the federal CMS-64 report for the quarter ended March 31, 2007.

If you have any questions, please contact Janet Mann at 601.359.6528.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert L. Robinson', written over the word 'Sincerely,'.

Robert L. Robinson  
Executive Director

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**OFFICE OF THE STATE AUDITOR  
AUDITOR'S NOTES  
In Rebuttal to Division of Medicaid's Response**

**Finding 06-12      Outpatient Rates Should Be Calculated in Accordance with the State Plan**

Finding on page 106  
Response on page 164

**Auditor's Notes**

The Division of Medicaid disputes the finding. However, in the response, the agency acknowledges that the hospital outpatient State Plan Amendment (SPA) is currently being held by CMS and has not been approved. There is no tentative date for the SPA to be approved. The Office of the State Auditor felt it was our responsibility to note that the methodology used for determining hospital outpatient rates for fiscal year 2006 had not been approved as of the completion of fieldwork; therefore, we could not conclude that the hospital outpatient rates were computed in compliance with the approved State Plan.

**Finding 06-13      Payments for Uncompensated Care Should Be Reviewed for Duplication and Clerical Accuracy**

Finding on page 107  
Response on page 165

**Auditor's Notes**

The Division of Medicaid disputes the finding. The Division's response contains the procedures utilized in processing claims. One of the procedures states that "...all requests for payment were entered into a database and queried before approval of payment in order to prevent duplicate payment for services." The procedures also included "...a review process for assessment and pricing." Audit procedures performed by the Office of the State Auditor revealed errors in pricing as well as duplicate payments through the database. Therefore, it appears the finding is warranted. The Division also disputes the part of the finding where it is noted that duplicate payments were noted in which a provider was paid once from the manual database and again through a claim submitted to the MMIS computer system. The Division bases their dispute on the fact that CMS did not require the Division to compare systems prior to processing claims. The finding was written to point out that duplicate payments were noted in the audit work and to recommend the Division implement procedures to identify duplicates. The Division's corrective action plan states that appropriate steps will be implemented to ensure payments are recouped for inappropriate claims. Therefore the Office of the State Auditor and the Division of Medicaid appear to be in agreement that duplicate payments were made and the Division should implement procedures to identify duplicate payments and recoup funds which were paid in error. For this reason, the Office of the State Auditor believes the finding is valid.

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**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR  
**MISSISSIPPI DEVELOPMENT AUTHORITY**  
GRAY SWOOPE  
EXECUTIVE DIRECTOR

**Single Audit Findings**

May 25, 2007

Mr. Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of May 3, 2007, concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ending June 30, 2006. We are pleased to note that no reportable conditions were considered to be material weaknesses. Supervisor Review checklists and other controls are being implemented during 2007; therefore corrective actions will be most evident in projects funded after this time period. Our responses to the four (4) reportable conditions are as follows:

CFDA Number and Program Name  
14.239 HOME Investment Partnerships Program

**PROGRAM INCOME**

06-01 Controls over Program Income Should Be Strengthened

Response: MDA concurs with this finding.

Corrective

Action Plan: A Dual tracking system will be established:

1. Accounting will create a program income account for the HOME program.
2. Area Representatives will track program income pertaining to projects on spreadsheets.

A Community Services Division (CSD) instruction will be mailed annually to Local Units of Government and Community Housing Development Organization detailing the responsibility of tracking and reporting program income.

A mandatory report disclosing program income will be submitted to CSD no later than June 30, of each year.

Establish a service agreement with state recipients and/or sub-recipients during application process.

Monitoring tools utilized to disclose program income status.

Proof of program income will be disclosed during monitoring visits.

Program income reporting requirements will be included in all State contracts and subcontracts.

CFDA Number and Program Name

14.228 Community Development Block Grant/State's Program

**SUBRECIPIENT MONITORING**

06-02 Controls over Sub-recipient Monitoring Should Be Strengthened

Response: MDA concurs with this finding. However, the item that addresses the two monitoring visits deserves some clarification. As a general rule MDA monitors when cash requests are between 25-40% and again when they are between 70-100%. There are instances when there are no cash requests until work is 100% complete. In these instances, only one review has traditionally been done.

Corrective

Action Plan: MDA will modify its monitoring procedures to the two monitoring visit rule. However, the two monitoring visit rule will consist of a desk review/site review. If compliance problems are found, additional monitoring will be conducted. The exception to the two monitoring visit rule will be reviewed and approved by CSD Management. The file will be notated. This will also be reflected in the upcoming MDA Action Plan.

A Monitor Review Checklist will be developed for the supervisors, to reduce the probability of oversight by the supervisors when doing compliance reviews.

Supervisors will work to improve the quality of the monitor's product by counseling the monitor when there is an inappropriate response or lack of a response on the monitor checklist.

Additionally, MDA believes it should be acceptable to designate an entire page as N/A when the entire page is not applicable to the area of compliance. We would like to continue this practice.

CFDA Number and Program Name  
14.239 HOME Investment Partnerships Program

#### **SUBRECIPIENT MONITORING**

06-03 Control over Sub-recipient Monitoring Should be Strengthened

Response: MDA concurs with the findings and understands the importance of effective supervisory reviews as a form of internal control. Additionally, since the audit was completed, staff training has been provided to monitors, in an effort to clarify the intent of checklist statements/questions. This has already resulted in significant improvements in monitor checklist quality.

#### Corrective

Action Plan: MDA will investigate the feasibility of an electronic tracking/alert system. Such a system would include all the key attributes of data associated with a project. In the meantime, a Monitor Review Checklist will be developed for the supervisors, to reduce the probability of oversight by the supervisors when doing compliance reviews.

Additionally, MDA will work to provide additional staff training and technical assistance from HUD to further develop staff on HUD regulations.

Phil Bryant, State Auditor  
May 24, 2007  
Page 4

CFDA Number and Program Name  
14.239 HOME Investment Partnerships Program

**SPECIAL TESTS AND PROVISIONS**

06-04 Controls over Period Affordability Inspections Should Be Strengthened

Response: Efforts have been made to modify the computer program designed to track the inspection requirement dates for the Period of Affordability.

Monitoring staff is working with in-house computer staff to address the programming deficiencies.

Corrective

Action Plan: MDA is in the process of reviewing and updating the HOME monitoring electronic system to insure key attributes of data are captured for each project, and validating that the system functions as it should when identifying projects that are up for review. In the interim, to assure compliance with federal regulations, each HOME program monitor will maintain a manual tickler file to ensure inspections are performed on a timely basis.

MDA will establish these actions items in it's own tickler file and set a follow-up schedule with the responsible parties to ensure the action items remain a priority.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Gloria Adams at (601) 359-3179.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gray Swoope', with a long horizontal flourish extending to the right.

Gray Swoope  
Executive Director



STATE OF MISSISSIPPI  
HALEY BARBOUR, GOVERNOR  
DEPARTMENT OF PUBLIC SAFETY  
GEORGE PHILLIPS, COMMISSIONER

**SINGLE AUDIT FINDINGS**

June 11, 2007

Honorable Phil Bryant  
State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

Our responses and corrective action plan, relative to the audit dated December 5, 2006, are as follows:

ALLOWABLE COSTS/COST PRINCIPLES

Material Weakness

Material Noncompliance

16.579	Edward Byrne Memorial Formula Grant Program
20.600	State and Community Highway Safety
97.004	State Domestic Preparedness Equipment Support Program

06-19 Documentation Supporting Federal Reports Should Be Maintained

Response:

The agency concurs with the finding.

Corrective Action Plan:

The Department of Public Safety is working to ensure that employees that complete the Federal Status Report (FSR) Form 269 and the Schedule of Expenditures of Federal Awards have been instructed to reconcile the records to the reports and to retain the supporting documentation used to complete the form. The contact person is Cindy Crocker and corrective action will begin immediately.

## CASH MANAGEMENT

### Reportable Condition

- 16.579 Edward Byrne Memorial Formula Grant Program
- 06-20 Controls over Federal Reimbursement and Reporting Should Be Strengthened

#### Response:

The agency concurs with the finding.

#### Corrective Action:

All employees involved with the receipt of reporting worksheets will be advised to inquire of and remind subrecipients of due dates and follow up when worksheets are not received. Subrecipients will be reminded of due dates. Joyce Word is the contact person and these procedures will be implemented immediately.

## SUBRECIPIENT MONITORING

### Material Noncompliance

- 16.579 Edward Byrne Memorial Formula Grant Program
- 06-21 Agency Should Comply with Subrecipient Audit Requirements

#### Response:

The agency concurs with the finding.

#### Corrective Action:

The Department of Public Safety has not had an opportunity to put a system in place to ensure receipt of audits by subgrantees. The agency is currently working to implement a plan. Joyce Word is the contract person and we anticipate that a plan will be implemented sometime in the current year.

## SUBRECIPIENT MONITORING

### Material Noncompliance

- 16.579 Edward Byrne Memorial Formula Grant Program
- 06-22 Subrecipient Monitoring Procedures Should Be Strengthened

Response:

The agency concurs with the finding. Because of limited staff, the Department of Public Safety was unable to conduct on-site monitoring visits of all sub-grants.

Corrective Action:

Because of limited staff, the Department of Public Safety is unable to conduct on-site monitoring visits of all sub-grants. Once the program is fully staffed, each project will receive an on-site monitoring visit at least once a year. Joyce Word is the contact person and the agency hopes to implement corrective action before the end of the current year.

SUBRECIPIENT MONITORING

Material Noncompliance

20.600 State and Community Highway Safety

06-23 Agency Should Comply with Subrecipient Audit Requirements

Response:

The agency concurs with the finding.

Corrective Action:

The Department of Public Safety has not had an opportunity to put a system in place to ensure receipt of audits by subgrantees. The agency is currently working to implement a plan. Kim Proctor is the contract person and we anticipate that a plan will be implemented sometime in the current year.

SUBRECIPIENT MONITORING

Material Noncompliance

97.004 State Domestic Preparedness Equipment Support Program

06-24 Agency Should Comply with Subrecipient Audit Requirements

Response:

The agency concurs with the finding.

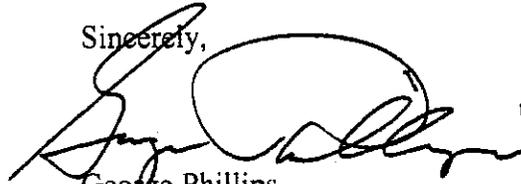
Corrective Action:

The Department of Public Safety, Office of Homeland Security, has partially corrected this finding by developing a monitoring policy for this grant to include on-site visits to further enhance the telephone monitoring that currently is being conducted.

Jay Ledbetter is the contact person and the agency hopes to have this plan fully implemented within the current year.

If you have any questions, please contact Cindy Crocker at 601-987-1313.

Sincerely,

A handwritten signature in black ink, appearing to read "George Phillips". The signature is stylized with a large, prominent loop at the end.

George Phillips  
Commissioner

## IV. INDICES



**STATE OF MISSISSIPPI**

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FEDERAL DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2006**

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1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 67-77
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: Pages 79-84
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: Pages 85-88
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: Pages 89-90
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. U.S. Department of Veterans Affairs: None
14. Environmental Protection Agency: None
15. U.S. Department of Energy: None
16. U.S. Department of Education: Pages 91-96
17. National Archives and Records Administration: None
18. Elections Assistance Commission: None
19. U.S. Department of Health and Human Services: Pages 97-110
20. Corporation for National and Community Service: None
21. Social Security Administration: None
22. Department of Homeland Security: Pages 111-113

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STATE OF MISSISSIPPI

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INDEX OF FINDINGS AND RECOMMENDATIONS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2006

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1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Pages 67, 91
10. Emergency Management: Page 111
11. Employment Security: Page 61
12. Environmental Quality: None
13. Finance and Administration: Page 97
14. Forestry Commission: None
15. Governor's Office: None
16. Health: Pages 69, 98
17. Human Services: None
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 102
21. Mental Health: None
22. Military Department: None
23. Mississippi Development Authority: Page 79
24. Narcotics: None
25. Pharmacy Board: None
26. Public Safety: Pages 85, 112
27. Public Service Commission: None
28. Rehabilitation Services: None
29. Secretary of State: None
30. Soil and Water Conservation Commission: None
31. State Fire Academy: None
32. Supreme Court: None
33. Tax Commission: None
34. Transportation: None
35. Treasury: Page 63
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

*Note: If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.*

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**STATE OF MISSISSIPPI**

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**INDEX OF FINDINGS AND RECOMMENDATIONS  
LISTED BY FINDING NUMBER  
FOR THE YEAR ENDED JUNE 30, 2006**

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<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
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06-02	80	Mississippi Development Authority
06-03	82	Mississippi Development Authority
06-04	83	Mississippi Development Authority
06-05	97	Finance and Administration
06-06	-	(not used)
06-07	109	Medicaid
06-08	102	Medicaid
06-09	-	(not used)
06-10	103	Medicaid
06-11	104	Medicaid
06-12	106	Medicaid
06-13	107	Medicaid
06-14	67	Education
06-15	93	Education
06-16	94	Education
06-17	91	Education
06-18	96	Education
06-19	85, 89, 112	Public Safety
06-20	86	Public Safety
06-21	87	Public Safety
06-22	88	Public Safety
06-23	90	Public Safety
06-24	113	Public Safety
06-25	111	Emergency Management Agency
06-26	61	Employment Security
06-27	63	Treasury
06-28	76	Health
06-29	73, 100	Health
06-30	71, 98	Health
06-31	69	Health

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**STATE OF MISSISSIPPI**

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**INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2006**

---

1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Page 149
10. Emergency Management: Page 155
11. Employment Security: Page 61
12. Environmental Quality: None
13. Finance and Administration: Page 157
14. Forestry Commission: None
15. Governor's Office: None
16. Health: Page 159
17. Human Services: None
18. Library Commission: None
19. Marine Resources: None
20. Medicaid: Page 163
21. Mental Health: None
22. Military Department: None
23. Mississippi Development Authority: Page 171
24. Narcotics: None
25. Pharmacy Board: None
26. Plant Industry: None
27. Public Safety: Page 175
28. Public Service Commission: None
29. Rehabilitation Services: None
30. Secretary of State: None
31. Soil and Water Conservation Commission: None
32. State Fire Academy: None
33. Supreme Court: None
34. Transportation: None
35. Treasury: Page 63
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

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## V. ACKNOWLEDGMENTS



## ACKNOWLEDGMENTS

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**Rodney D. Zeagler, CPA, Director, Department of Audit**  
**William R. Doss, CPA, Director, Financial and Compliance Audit Division**  
**Rob Robertson, Director, Agency Audit Section**

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

#### Managers

Vicki Alvey  
Karlanne Coates, CPA

#### Supervisors

Amy Buller, CPA  
Johnnie Davenport  
Laura Griffin  
Liza Hammett  
Kayla McKnight  
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Marilyn Purvis, CGFM  
M. Diane Sanders

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James Ferguson	Manny Patel
Toby Frazier	Christopher Rand
Keian Grayer	Andy Salin
LaDonna Johnson	

Special thanks to Jacqueline Thomas and Janet Wilson for their help in processing this report.

We would also like to thank staff members of the Bureau of Financial Reporting, Department of Finance and Administration, for their assistance with this report through compilation of the Schedule of Expenditures of Federal Awards.

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