

State of Mississippi

Single Audit Report

for the Fiscal Year Ended June 30, 2015

MISSISSIPPI



Stacey E. Pickering

State Auditor

Office of the State Auditor

(This page left blank intentionally.)



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

May 2, 2016

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, 2015. 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 twenty-eighth 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 2014 Comprehensive Annual Financial Report (CAFR) and
- an unmodified opinion has been rendered on the state's financial statements in 2015.

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2015 and our report thereon, dated April 22, 2016, has been issued under separate cover 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.

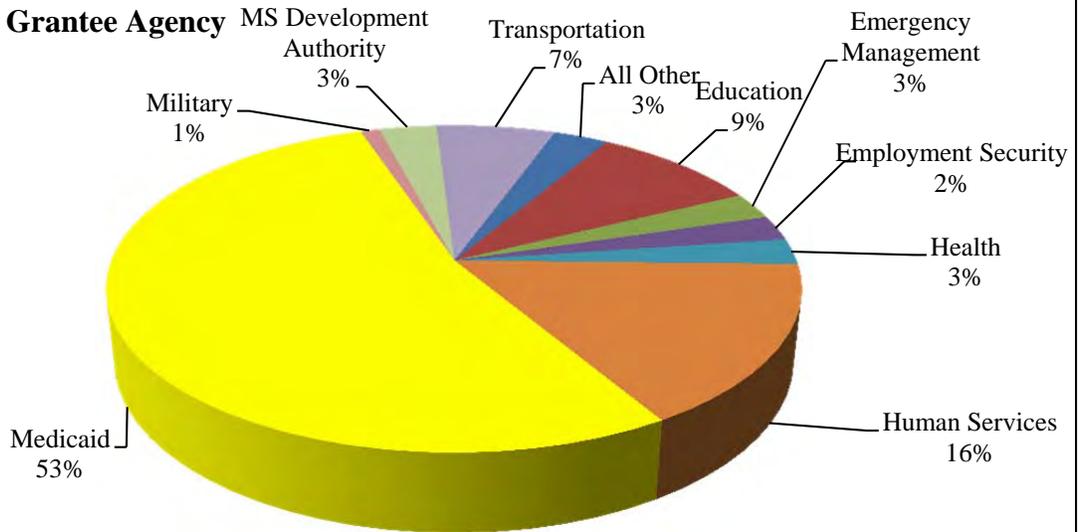
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering". The signature is fluid and cursive, with a large initial "S" and "P".

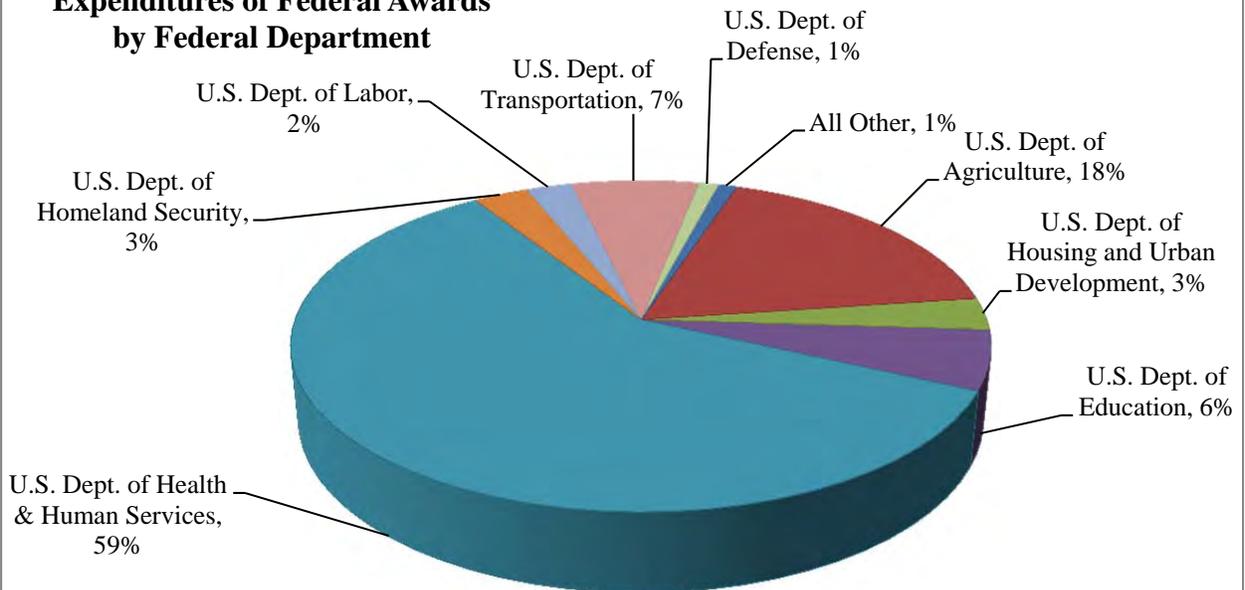
STACEY E. PICKERING
State Auditor

STATE OF MISSISSIPPI Fiscal Year 2015

Expenditures of Federal Awards by State Grantee Agency

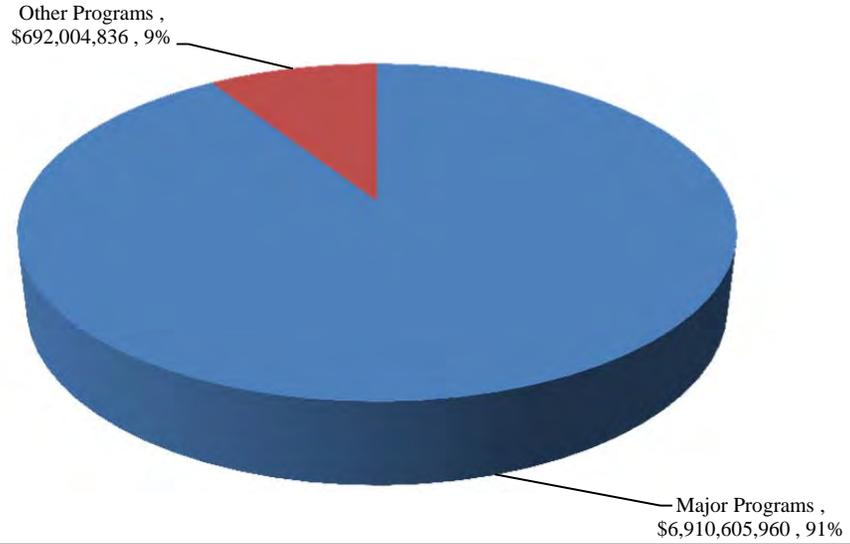


Expenditures of Federal Awards by Federal Department

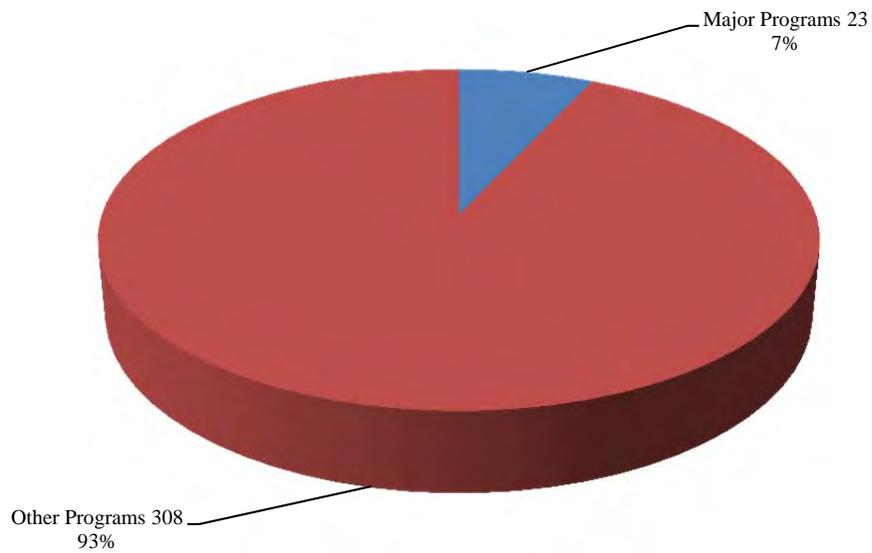


STATE OF MISSISSIPPI Fiscal Year 2015

Percentage of Major Program Assistance Total Expenditures of Federal Awards \$7,602,610,796

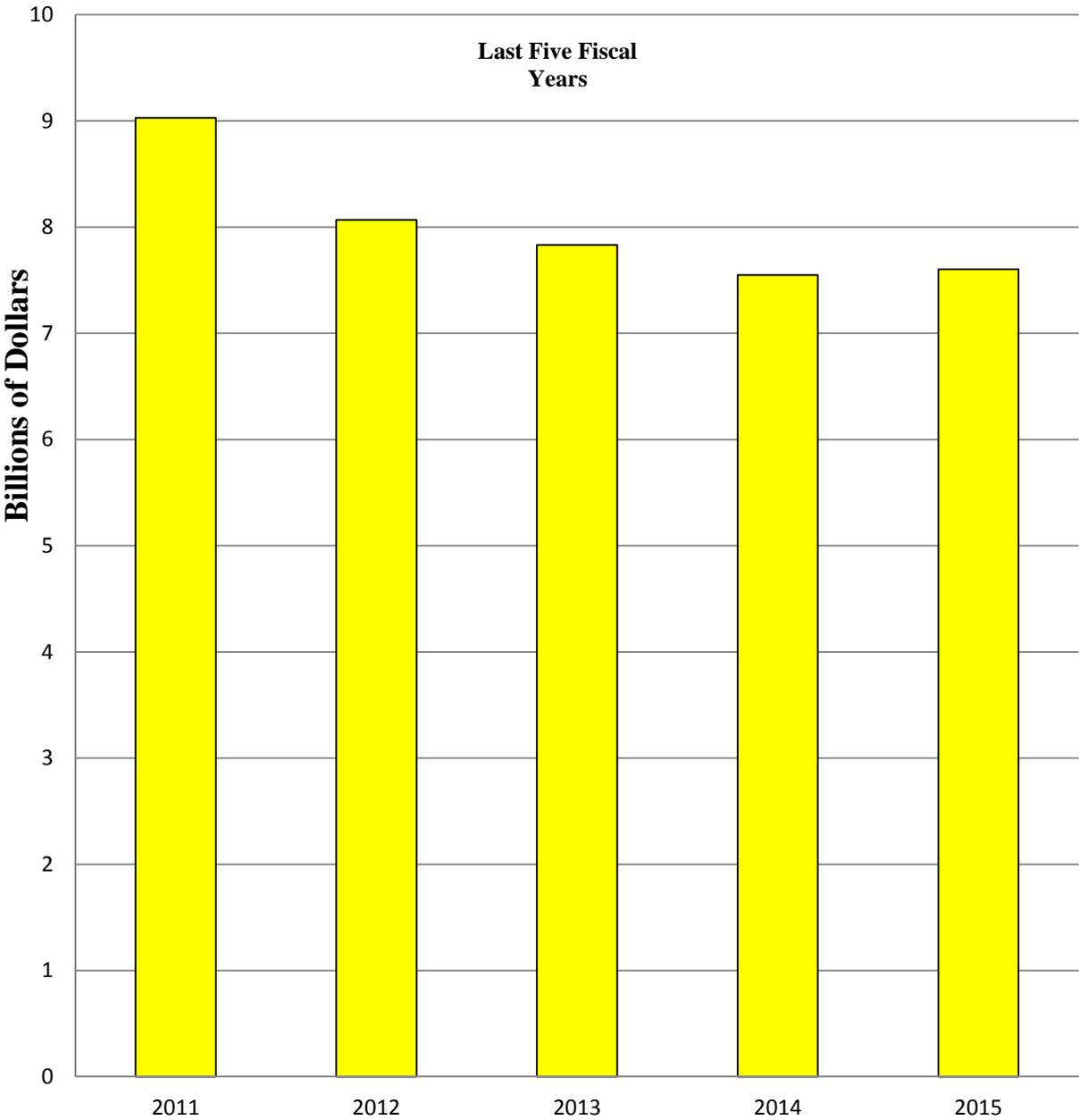


Percentage of Major Program Assistance 331 Programs



STATE OF MISSISSIPPI

Total Federal Financial Assistance



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
I. AUDIT REPORTING:	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.	5
Schedule of Expenditures of Federal Awards by Federal Department.....	11
Schedule of Expenditures of Federal Awards by State Grantee Agency.....	27
Notes to the Schedule of Expenditures of Federal Awards.....	45
Schedule of Findings and Questioned Costs:	
Part 1 - Summary of Auditor’s Results	51
Part 2 - Financial Statement Findings	55
Part 3 - Federal Award Findings and Questioned Costs.....	87
II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS:	
Instructions to Management.....	139
Index Listed by Finding Number	141

STATE OF MISSISSIPPI
Table of Contents (concluded)

	<u>Page</u>
Index Listed by State Grantee Agency	143
Summary Schedules of Prior Federal Audit Findings (Categorized by State Grantee Agency)	145
III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS:	
Instructions to Management	159
Management Responses and Corrective Action Plans (Categorized by State Grantee Agency)	161
IV. INDICES:	
Index of Financial Statement Findings and Responses	
Financial Statement Findings and Recommendations	221
Management Responses and Corrective Action Plans	221
Index of Federal Award Findings and Questioned Costs Listed by Federal Department	223
Index of Federal Award Findings and Questioned Costs Listed by State Grantee Agency	225
Index of Federal Award Findings and Questioned Costs Listed by Finding Number	227
Index of Management Responses to Federal Award Findings and Corrective Action Plans Listed by State Grantee Agency	229
V. ACKNOWLEDGMENTS	231

I. AUDIT REPORTING



(This page left blank intentionally.)



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S 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, in accordance with the 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 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 (the State), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated April 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

■ Government-wide Financial Statements

● Governmental Activities

- 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, the Mississippi Authority for Educational Television, the State Agencies Self-Insured Workers' Compensation Trust Fund, the Department of Marine Resources, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 9% and 45%, respectively, of the assets and revenues of the governmental activities;

● Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans'

Home Purchase Board and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 89%, respectively, of the assets and revenues of the business-type activities;

- Component Units

- the Universities and the nonmajor component units.

- Fund Financial Statements

- Governmental Funds

- 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, the Mississippi Authority for Educational Television, the Department of Marine Resources and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 26% and 41%, respectively, of the assets and revenues of the General Fund;

- Proprietary Funds

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

- Aggregate Remaining Funds

- the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
 - nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
 - the Pension Trust Funds;
 - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 97% and 97%, respectively, of the assets and revenues of the Aggregate Remaining Funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the

other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these funds or entities.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we and other auditors considered the State of Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control.

Our and the other auditors' consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2015-015, 2015-021, 2015-027, 2015-028, 2015-029, 2015-030, 2015-031, 2015-033, 2015-035, and 2015-036 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2015-013, 2015-014, 2015-016, 2015-017, 2015-018, 2015-019, and 2015-032 to be significant deficiencies.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions 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 financial statements are free from 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.

The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as item 2015-020.

We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying "Management's Response and Corrective Action Plan" section. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



SALLIE DIER, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
April 22, 2016



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We and other auditors have audited the State of Mississippi's (the State) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2015. We did not audit the National Guard Military Operations and Maintenance (O&M) Projects, the Disaster Recovery Funds within the CDBG - State-Administered CDBG Cluster, the Unemployment Insurance Program, the WIA Cluster, the Recreational Trails Program within the Highway Planning and Construction Cluster, the Clean Water State Revolving Fund Cluster, the Drinking Water State Revolving Fund Cluster, the Children's Health Insurance Program, the Medicaid Cluster, the Disaster Grants - Public Assistance (Presidentially Declared Disasters), and the Hazard Mitigation Grant. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditor's Responsibility

Our and the other auditors' responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. The State of Mississippi's basic financial statements include the operations of the State's public universities, as a major component unit within the discretely presented component units, which received \$1,004,529,689 in federal awards which is not included in the State's schedule during the year ending June 30, 2015. Our audit, described below, did not include the operations of the public universities because the universities component unit engaged other auditors to perform an audit in accordance with the provisions of OMB Circular A-133.

Independent Auditor’s Report on Compliance For Each Major Federal Program;
 Report on Internal Control Over Compliance; and Report on Schedule
 of Expenditures of Federal Awards Required by OMB Circular A-133

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 reports of other auditors, provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit, and the audits of other auditors, do not provide a legal determination of the State of Mississippi’s compliance.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of those federal programs was conducted in accordance with the provisions of OMB Circular A-133, and a separate report was issued.

Basis for Qualified Opinion on the Child Nutrition Cluster, the Child and Adult Care Food Program, the Immunization Cooperative Agreements, the CCDF Cluster and TANF Cluster

As described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs,” the State of Mississippi did not comply with requirements regarding the following:

Finding #	CFDA #	Program/Cluster Name	Compliance Requirement
2015-003	93.575, 93.596	CCDF Cluster	Allowable Costs/Cost Principles
2015-001	93.568	TANF Cluster	Eligibility
2015-002	93.575, 93.596	CCDF Cluster	Eligibility
2015-024	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the State of Mississippi to comply with the requirements applicable to those programs.

Qualified Opinion on the Child Nutrition Cluster, the Child and Adult Care Food Program, the Immunization Cooperative Agreements, the CCDF Cluster and TANF Cluster

In our opinion, based on our audit and the reports of other auditors, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Supplemental Nutrition Program for Women, Infants and Children Program, the CCDF Cluster and the TANF Cluster for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133

In our opinion, based on our audit and the reports of other auditors, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015. We did not test the transactions and records of the major federal programs administered by the state's public universities for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance, 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 2015-006, 2015-007, 2015-008, 2015-010, 2015-011, 2015-012, 2015-022, 2015-023 and 2015-034. Our opinion on each major federal program is not modified with respect to these matters.

The responses by state agencies to the noncompliance findings identified in our audit, and the audits of other auditors, are described in the accompanying "Section III – Management Responses and Corrective Action Plans." Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other immaterial instances of noncompliance which have been reported to management of the State of Mississippi in separate communications.

Report on Internal Control Over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we and other auditors considered the State of Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control over compliance. We excluded the federal programs of the State's public universities, as discussed in the fifth paragraph of this report.

Our and the other auditors' consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we and the other auditors identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

Independent Auditor’s Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133

federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs” as items 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, and 2015-024 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs” as items 2015-007, 2015-008, 2015-009, 2015-022, 2015-025, 2015-026 and 2015-034 to be significant deficiencies.

The responses by state agencies to the internal control over compliance findings identified in our audit, and the audits of other auditors, are described in the accompanying “Section III – Management Responses and Corrective Action Plans.” Management’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is matter of public record and its distribution is not limited.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the State of Mississippi’s basic financial statements. We issued our report thereon dated April 22, 2016 which contained unmodified opinions on those financial statements. We did not audit the financial statements of:

- Government-wide Financial Statements
 - Governmental Activities
 - 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, the Mississippi Authority for Educational Television, the Department of Marine Resources, the State Agencies Self-Insured Workers’ Compensation Trust Fund, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Finance and Administration – Office of Insurance, the Department of Information Technology Services, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133

Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services, and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 9% and 45%, respectively, of the assets and revenues of the governmental activities;

- Business-type Activities
 - AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board and the Unemployment Compensation Fund which, in the aggregate, represent 96% and 89%, respectively, of the assets and revenues of the business-type activities;
- Component Units
 - the Universities and the nonmajor component units.
- Fund Financial Statements
 - Governmental Funds
 - 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, the Mississippi Authority for Educational Television, the Department of Marine Resources, and selected funds at the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Office of the Governor - Division of Medicaid, the Military Department, the Mississippi Development Authority, the Mississippi Emergency Management Agency, the Department of Public Safety, the Department of Rehabilitation Services and the Department of Wildlife, Fisheries and Parks which, in the aggregate, represent 26% and 41%, respectively, of the assets and revenues of the General Fund;
 - Proprietary Funds
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund, which are considered major enterprise funds;
 - Aggregate Remaining Funds
 - the State Agencies Self-Insured Workers' Compensation Trust Fund and selected funds at the Department of Information Technology Services and the Department of Finance and Administration – Office of Insurance within the Internal Service Fund;
 - nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
 - the Pension Trust Funds;
 - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133

all of which represent 97% and 97%, 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; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

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

Our audit and the audits of the other auditors were conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards by Federal Department is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Although not required by OMB Circular A-133, the Schedule of Expenditures of Federal Awards by State Grantee Agency is presented for purposes of additional analysis. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Sallie Dier, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
April 22, 2016

Schedule of Expenditures of Federal Awards by Federal Department



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce / Animal Health 464,941
10.069	Conservation Reserve Program	Agriculture and Commerce 8,641
10.153	Market News	Agriculture and Commerce 1,500
10.156	Federal – State Marketing Improvement Program	Agriculture and Commerce 13,860
10.170	Specialty Crop Block Grant Program – Farm Bill	Agriculture and Commerce 235,671
10.171	National Organic Certification Cost Share Program	Agriculture and Commerce 5,750
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce 1,751,438
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health 75,876,614
10.558	Child and Adult Care Food Program	Education 45,053,416
10.560	State Administrative Expenses for Child Nutrition	Education 3,700,241
10.577	SNAP Partnership Grant	Human Services 316,205
10.578	WIC Grants To States (WGS)	Health 251,693
10.579	Child Nutrition Discretionary Grants Limited Availability	Education 411,445
10.582	Fresh Fruit and Vegetable Program	Education 2,059,391
10.596	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	Human Services 5,337
10.664	Cooperative Forestry Assistance	Forestry Commission 2,480,099
10.680	Forest Health Protection	Agriculture and Commerce 29,973
10.855	Distance Learning and Telemedicine Loans and Grants	Educational Television 3,678
10.902	Soil and Water Conservation	Agriculture and Commerce / Soil and Water Conservation Commission 309,178
10.950	Agricultural Statistics Reports	Agriculture and Commerce 25,000
SUBTOTAL		133,004,071
SNAP Cluster		
10.551	Supplemental Nutrition Assistance Program (SNAP)	Human Services 916,995,015
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services 22,110,544
Total SNAP Cluster		939,105,559
Child Nutrition Cluster		
10.553	School Breakfast Program (SBP)	Education 60,921,106
10.555 @	National School Lunch Program (NSLP)	Education 182,251,123
10.556	Special Milk Program for Children (SMP)	Education 4,018
10.559	Summer Food Service Program for Children (SFSPC)	Education 10,932,248
Total Child Nutrition Cluster		254,108,495

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
	Food Distribution Cluster		
10.565	Commodity Supplemental Food Program	Health	761,849
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	702,580
10.569 @	Emergency Food Assistance Program (Food Commodities)	Human Services	6,686,568
	Total Food Distribution Cluster		8,150,997
	Forest Service Schools and Roads Cluster		
10.665	Schools and Roads - Grants to States	Treasury	6,123,239
	Total Forest Service Schools and Roads Cluster		6,123,239
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,340,492,361
	<u>U.S. DEPARTMENT OF COMMERCE</u>		
11.407	Interjurisdictional Fisheries Act of 1986	Marine Resources	101,293
11.417	Sea Grant Support	Marine Resources	90,000
11.419	Coastal Zone Management Administration Awards	Marine Resources	1,269,764
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	759,580
11.434	Cooperative Fishery Statistics	Marine Resources	76,015
11.463	Habitat Conservation	Marine Resources	2,902
11.467	Meteorologic and Hydrologic Modernization Development	Wildlife, Fisheries and Parks	144,494
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	Governor's Office	49,317
11.558	ARRA – State Broadband Data and Development Grant Program	Governor's Office	654,800
	TOTAL U.S. DEPARTMENT OF COMMERCE		3,148,165
	<u>U.S. DEPARTMENT OF DEFENSE</u>		
12.002	Procurement Technical Assistance For Business Firms	MS Development Authority	447,113
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned by the pass through entity – DACW01-3-91-0543, DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	Wildlife, Fisheries and Parks	1,530,187
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	197,913
12.400	Military Construction, National Guard	Military Department	2,936,162
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	73,062,820
12.404	National Guard ChalleNGe Program	Military Department	4,201,435

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures/ Distributions/ Issuances</u>
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	38,709
TOTAL U.S. DEPARTMENT OF DEFENSE			82,414,339
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
14.231	Emergency Solutions Grant Program	MS Development Authority	2,272,008
14.239	Home Investment Partnerships Program	MS Development Authority	11,214,247
14.241	Housing Opportunities for Persons with AIDS Program	Health	428,753
SUBTOTAL			13,915,008
<u>CDBG – State-Administered CDBG Cluster</u>			
14.228	Community Development Block Grants / State's Program	MS Development Authority	223,625,003
Total CDBG – State-Administered CDBG Cluster			223,625,003
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			237,540,011
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	131,499
15.252	Abandoned Mine Land Reclamation (AMLR) Program	Environmental Quality	71,236
15.426	Coastal Impact Assistance Program (CIAP)	Marine Resources	814,707
15.608	Fish and Wildlife Management Assistance	Wildlife, Fisheries and Parks	420
15.615	Cooperative Endangered Species Conservation Fund	Wildlife, Fisheries and Parks	140,045
15.616	Clean Vessel Act Program	Marine Resources	9,568
15.622	Sportfishing and Boating Safety Act	Marine Resources	212,399
15.630	Coastal Program	Marine Resources	2,108
15.634	State Wildlife Grants	Wildlife, Fisheries and Parks	531,933
15.657	Endangered Species Conservation – Recovery Implementation Funds	Wildlife, Fisheries and Parks	7,036
15.668	Coastal Impact Assistance Program	Marine Resources	6,461,420
15.810	National Cooperative Geologic Mapping Program	Environmental Quality	76,655
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	Environmental Quality	7,333
15.904	Historic Preservation Fund Grants-In-Aid	Archives and History	879,034
15.916	Outdoor Recreation – Acquisition, Development and Planning	Wildlife, Fisheries and Parks	344,181
15.928	Civil War Battlefield Land Acquisition Grants	Archives and History	31,935
15.939	National Heritage Area Federal Financial Assistance	Marine Resources	41,141
SUBTOTAL			9,762,650

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures/ Distributions/ Issuances</u>
	Fish and Wildlife Cluster		
15.605	Sport Fish Restoration Program	Marine Resources / Wildlife, Fisheries and Parks	2,854,395
15.611	Wildlife Restoration and Basic Hunter Education	Wildlife, Fisheries and Parks	5,483,884
	Total Fish and Wildlife Cluster		8,338,279
	TOTAL U.S. DEPARTMENT OF THE INTERIOR		18,100,929
	<u>U.S. DEPARTMENT OF JUSTICE</u>		
16.017	Sexual Assault Services Formula Program	Public Safety	226,223
16.475	Forensic Science Improvement Program	Public Safety	5,818
16.523	Juvenile Accountability Block Grants	Public Safety	326,377
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	Public Safety	232,880
16.543	Missing Children’s Assistance	Attorney General	295,473
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	57,647
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	612,158
16.575	Crime Victim Assistance	Public Safety	4,180,125
16.576	Crime Victim Compensation	Attorney General	972,000
16.588	Violence Against Women Formula Grants	Public Safety	1,547,538
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Attorney General	50,743
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	196,414
16.606	State Criminal Alien Assistance Program	Corrections	11,545
16.609	Project Safe Neighborhoods	Public Safety	9,355
16.727	Enforcing Underage Drinking Laws Program	Public Safety	11,866
16.740	Statewide Automated Victim Information Notification (SAVIN) Program	Corrections	12,814
16.750	Support for Adam Walsh Act Implementation Grant Program	Public Safety	191,419
16.751	Edward Byrne Memorial Competitive Grant Program Task Force Program (ICAC)	Attorney General	79,343
16.812	Second Chance Act Reentry Initiative	Human Services	764
16.816	John R. Justice Prosecutors and Defenders Incentive Act	Attorney General	56,334
16.922	Equitable Sharing Program	Public Safety	59,705
16.UN	Domestic Cannabis Eradication / Suppression Program	Public Safety	-7,000
16.UN1	DEA Task Force	Public Safety	89,454
16.UN5	U.S. Marshall Service	Public Safety	29,973
	SUBTOTAL		9,248,968

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
16.738	JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program Public Safety	1,940,128
	Total JAG Program Cluster	1,940,128
TOTAL U.S. DEPARTMENT OF JUSTICE		11,189,096
<u>U.S. DEPARTMENT OF LABOR</u>		
17.002	Labor Force Statistics Employment Security	746,035
17.005	Compensation and Working Conditions Health	18,763
17.225 #	Unemployment Insurance Employment Security	144,173,491
17.225 #	ARRA – Unemployment Insurance Employment Security	-128
17.235	Senior Community Service Employment Program Employment Security	944,115
17.245	Trade Adjustment Assistance Employment Security	472,375
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects Employment Security	291,222
17.267	Incentive Grants – WIA Section 503 Employment Security	409,843
17.271	Work Opportunity Tax Credit Program (WOTC) Employment Security	122,094
17.273	Temporary Labor Certification for Foreign Workers Employment Security	102,356
17.277	Workforce Investment Act (WIA) National Emergency Grants Employment Security	4,393,832
17.600	Mine Health and Safety Grants Environmental Quality	18,687
	SUBTOTAL	151,692,685
17.207	Employment Service Cluster Employment Service / Wagner-Peyser Funded Activities Employment Security	5,417,295
17.801	Disabled Veterans' Outreach Program (DVOP) Employment Security	921,361
17.804	Local Veterans' Employment Representative (LVER) Program Employment Security	317,939
	Total Employment Service Cluster	6,656,595
17.258	WIA Cluster WIA Adult Program Employment Security	9,233,298
17.259	WIA Youth Activities Employment Security	8,395,995
17.278	WIA Dislocated Worker Formula Grants Employment Security	11,237,719
	Total WIA Cluster	28,867,012
TOTAL U.S. DEPARTMENT OF LABOR		187,216,292

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
20.106	Airport Improvement Program	Transportation 75,641
20.218	National Motor Carrier Safety	Public Safety 3,529,455
20.232	Commercial Driver's License Program Improvement Grant	Public Safety 208,438
20.237	Commercial Vehicle Information Systems and Networks	Transportation 1,814,293
20.2NA	Fatal Analysis Reporting System	Public Safety 62,049
20.314	Railroad Development	Transportation 82,503
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation 12,967
20.509	Formula Grants for Rural Areas	Transportation 14,694,796
20.509	ARRA – Formula Grants for Rural Areas	Transportation 442,894
20.607	Alcohol Open Container Requirements	Public Safety 4,763,201
20.700	Pipeline Safety Program Base Grant	Public Service Commission 465,644
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management 208,143
SUBTOTAL		26,360,024
Highway Planning and Construction Cluster		
20.205	Highway Planning and Construction	Transportation 477,932,572
20.219	Recreational Trails Program	Wildlife, Fisheries and Parks 867,186
Total Highway Planning and Construction Cluster		478,799,758
Transit Services Programs Cluster		
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation 1,395,008
20.516	Job Access and Reverse Commute Program	Transportation 127,357
20.521	New Freedom Program	Transportation 607,368
Total Transit Services Programs Cluster		2,129,733
Federal Transit Cluster		
20.526	Bus and Bus Facilities Formula Program	Transportation 218,548
Total Federal Transit Cluster		218,548
Highway Safety Cluster		
20.600	State and Community Highway Safety	Public Safety 9,399,997
Total Highway Safety Cluster		9,399,997
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		516,908,060

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>APPALACHIAN REGIONAL COMMISSION</u>		
23.002	Appalachian Area Development	MS Development Authority 237,376
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	MS Development Authority/ Health 38,475
TOTAL APPALACHIAN REGIONAL COMMISSION		275,851
<u>GENERAL SERVICES ADMINISTRATION</u>		
39.003 @	Donation of Federal Surplus Personal Property	Finance and Administration 1,205,117
TOTAL GENERAL SERVICES ADMINISTRATION		1,205,117
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>		
45.025	Promotion of the Arts - Partnership Agreements	Arts Commission 701,504
45.168	National Digital Newspaper Program	Archives and History 165,545
45.301	Museums for America	Archives and History 2,571
45.310	Grants to States	Library Commission 1,722,482
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		2,592,102
<u>SMALL BUSINESS ADMINISTRATION</u>		
59.061	State Trade and Export Promotion Pilot Grant Program	MS Development Authority 198,057
TOTAL SMALL BUSINESS ADMINISTRATION		198,057
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>		
64.124	All-Volunteer Force Educational Assistance	Veterans Affairs Board 112,104
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS		112,104
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
66.032	State Indoor Radon Grants	Health 38,992
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Quality 361,837
66.040	State Clean Diesel Grant Program	Environmental Quality 211,294
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality 160,357
66.432	State Public Water System Supervision	Health 412,738
66.433	State Underground Water Source Protection	Oil and Gas Board 102,750
66.454	Water Quality Management Planning	Environmental Quality 103,738

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
66.460	Nonpoint Source Implementation Grants	Environmental Quality	3,329,291
66.461	Regional Wetland Program Development Grants	Environmental Quality	22,739
66.472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	312,916
66.605	Performance Partnership Grants	Agriculture and Commerce / Environmental Quality	6,769,494
66.606	Survey's, Studies, Investigations and Special Purpose Grants	Environmental Quality	98,245
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	Environmental Quality	182,049
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	85,800
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	432,986
66.708	Pollution Prevention Grants Program	Environmental Quality	73,443
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	136,215
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality	503,598
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality	997,644
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	65,395
SUBTOTAL			14,401,521
Clean Water State Revolving Fund Cluster			
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	7,027,612
Total Clean Water State Revolving Fund Cluster			7,027,612
Drinking Water State Revolving Fund Cluster			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Health	8,220,958
Total Drinking Water State Revolving Fund Cluster			8,220,958
TOTAL ENVIRONMENTAL PROTECTION AGENCY			29,650,091
<u>U.S. DEPARTMENT OF ENERGY</u>			
81.041	State Energy Program	MS Development Authority	509,147
81.042	Weatherization Assistance for Low-Income Persons	Human Services	1,416,148
81.119	State Energy Program Special Projects	MS Development Authority	431,289
81.136	DOE Salmon Testing Site	Health	83,312
81.UN1	Petroleum Violation Escrow – Stripper Well	Treasury	758,346

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
TOTAL U.S. DEPARTMENT OF ENERGY		3,198,242
<hr/>		
U.S. DEPARTMENT OF EDUCATION		
84.002	Adult Education – Basic Grants to States	5,527,449
	Board for Community and Junior Colleges	
84.010	Title I Grants to Local Educational Agencies	180,817,239
84.011	Migrant Education – State Grant Program	769,002
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	425,752
84.048	Career and Technical Education – Basic Grants to States	14,814,930
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	39,039,504
84.144	Migrant Education – Coordination Program	36,434
84.169	Independent Living - State Grants	297,572
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind	337,637
84.181	Special Education – Grants for Infants and Families	3,290,186
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	359,555
84.196	Education for Homeless Children and Youth	626,063
84.224	Assistive Technology	423,576
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	139,801
84.287	Twenty-First Century Community Learning Centers	16,428,430
84.305	Education Research, Development and Dissemination	47,419
84.323	Special Education – State Personnel Development	1,016,431
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	106,782
84.358	Rural Education	4,178,830
84.365	English Language Acquisition State Grants	1,265,362
84.366	Mathematics and Science Partnerships	1,723,361
84.367	Improving Teacher Quality State Grants	32,916,637
84.369	Grants for State Assessments and Related Activities	4,313,271
84.393	Special Education – Grants for Infants and Families, Recovery Act	-173,466
SUBTOTAL		308,727,757
<hr/>		
Special Education Cluster (IDEA)		
84.027	Special Education – Grants to States (IDEA, Part B)	117,973,460
84.173	Special Education – Preschool Grants (IDEA, Preschool)	3,687,052
Total Special Education Cluster (IDEA)		121,660,512
<hr/>		

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
	TRIO Cluster		
84.044	TRIO – Talent Search	Education	388,290
	Total TRIO Cluster		388,290
	Statewide Data Systems Cluster		
84.372	Statewide Data Systems	Education	623,808
84.384	ARRA - Statewide Data Systems, Recovery Act	Education	653,589
	Total Statewide Data Systems Cluster		1,277,397
	Teacher Incentive Fund Cluster		
84.374	Teacher Incentive Fund	Education	2,468,808
	Total Teacher Incentive Fund Cluster		2,468,808
	School Improvement Grants Cluster		
84.377	School Improvement Grants	Education	3,467,592
84.388	ARRA – School Improvement Grants, Recovery Act	Education	2,200,141
	Total School Improvement Grants Cluster		5,667,733
	TOTAL U.S. DEPARTMENT OF EDUCATION		440,190,497
	<u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u>		
89.003	National Historical Publications and Records Grants	Archives and History	94,016
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		94,016
	<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	Health	-4,464
93.008	Medical Reserve Corps Small Grant Program	Animal Health	3,500
93.041	Special Programs for the Aging – Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	57,153
93.042	Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	Human Services	94,393
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	Human Services	82,188
93.048	Special Programs for the Aging – Title IV – and Title II - Discretionary Projects	Human Services	241,028
93.052	National Family Caregiver Support, Title III, Part E	Human Services	1,000,018

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.069	Public Health Emergency Preparedness	Health	1,739,073
93.070	Environmental Public Health and Emergency Response	Health	137,118
93.071	Medicare Enrollment Assistance Program	Human Services	245,211
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Health	8,503,107
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education	160,151
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health	305,175
93.103	Food and Drug Administration – Research	Health	465,440
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	1,081,009
93.110	Maternal and Child Health Federal Consolidated Programs	Health	120,182
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	15,172
93.127	Emergency Medical Services for Children	Health	118,185
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	Health	230,825
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	397,824
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	285,520
93.184	Disabilities Prevention	Health	50,942
93.217	Family Planning – Services	Health	3,835,031
93.235	Affordable Care Act (ACA) Abstinence Education Program	Human Services	553,211
93.236	Grants to States to Support Oral Health Workforce Activities	Health	379,798
93.241	State Rural Hospital Flexibility Program	Health	381,316
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	Mental Health	4,068,303
93.251	Universal Newborn Hearing Screening	Health	155,165
93.268 @	Immunization Cooperative Agreements	Health	42,706,080
93.270	Adult Viral Hepatitis Prevention and Control	Health	48,618
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health	7,204,917
93.292	National Public Health Improvement Initiative	Health	216,728
93.296	State Partnership Grant Program to Improve Minority Health	Health	-6,863
93.301	Small Rural Hospital Improvement Grant Program	Health	330,097
93.305	National State Based Tobacco Control Programs	Health	130,967
93.324	State Health Insurance Assistance Program	Human Services	563,147
93.336	Behavioral Risk Factor Surveillance System	Health	51,218
93.369	ACL Independent Living State Grants	Rehabilitation Services	144,618

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures/ Distributions/ Issuances</u>
93.414	ARRA – State Primary Care Offices	Health	-3,083
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Human Services	2,069,000
93.507	PPHF National Public Health Improvement Initiative	Health	105
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	Insurance	22,349
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	Insurance	2,657,998
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	Health	284,435
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	Insurance	11,469,225
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by Prevention and Public Health Funds	Health	150,053
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	Health	-1,938
93.548	PPHF: State Nutrition, Physical Activity, and Obesity Programs – Financed in Part by PPHF	Health	-345,748
93.556	Promoting Safe and Stable Families	Human Services	4,279,590
93.563	Child Support Enforcement	Human Services	33,115,543
93.566	Refugee and Entrant Assistance – State Administered Programs	Human Services	1,278,245
93.568	Low-Income Home Energy Assistance	Human Services	27,753,101
93.569	Community Services Block Grants	Human Services	10,980,095
93.586	State Court Improvement Program	Supreme Court	297,845
93.590	Community-Based Child Abuse Prevention Grants	Human Services	184,614
93.597	Grants to States for Access and Visitation Programs	Human Services	137,177
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	211,254
93.600	Head Start	Governor's Office	175,000
93.603	Adoption Incentive Payments	Human Services	736,987
93.617	Voting Access for Individuals with Disabilities – Grants to States	Secretary of State	32,681
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	986,846
93.631	Developmental Disabilities Projects of National Significance	Mental Health	359,721
93.643	Children's Justice Grants to States	Human Services	181,276
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Human Services	2,956,942
93.652	Adoption Opportunities	Human Services	229,125
93.658	Foster Care – Title IV-E	Human Services/ Mental Health	22,304,322
93.659	Adoption Assistance	Human Services/ Mental Health	10,644,058
93.667	Social Services Block Grant	Human Services	19,740,047

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.669	Child Abuse and Neglect State Grants	Human Services	317,186
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	Health	1,021,772
93.674	Chafee Foster Care Independence Program	Human Services	1,122,212
93.712	ARRA – Immunization	Health	-35,566
93.717	Preventing Healthcare – Associated Infections	Health	-4,484
93.723	ARRA – Prevention and Wellness – State, Territories and Pacific Islands	Health	-17,900
93.729	ARRA – Health Information Technology and Public Health	Health	-12,269
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	Health	566,636
93.735	State Public Health Approaches for Ensuring Qitline Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)	Health	108,903
93.744	PPHF: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories Solely Financed by Prevention and Public Health Funds	Health	-33,243
93.750	PPHF Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	Health	-11,223
93.753	Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	Health	41,060
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	Health	833,508
93.767	Children’s Health Insurance Program	Medicaid	189,696,049
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Medicaid	58,805
93.789	Alternatives to Psychiatric Residential Treatment Facilities for Children	Medicaid	106,564
93.791	Money Follows the Person Rebalancing Demonstration	Medicaid	4,674,640
93.889	National Bioterrorism Hospital Preparedness Program	Health	4,307
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	Central Mississippi Residential Center	193,729
93.913	Grants to States for Operation of Offices of Rural Health	Health	157,584
93.917	HIV Care Formula Grants	Health	13,994,836
93.940	HIV Prevention Activities – Health Department Based	Health	4,127,692
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	1,166,126
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health	1,107,766
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health	142,482
93.958	Block Grants for Community Mental Health Services	Mental Health	4,032,128
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	10,942,120

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	Health	435,866
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	211,995
93.991	Preventive Health and Health Services Block Grant	Health	1,375,862
93.994	Maternal and Child Health Services Block Grant to the States	Health	7,875,173
SUBTOTAL			473,178,282
Aging Cluster			
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	Human Services	3,108,567
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	Human Services	4,161,892
93.053	Nutrition Services Incentive Program	Human Services	816,800
Total Aging Cluster			8,087,259
TANF Cluster			
93.558	Temporary Assistance for Needy Families (TANF) State Programs	Human Services	47,757,590
Total TANF Cluster			47,757,590
CCDF Cluster			
93.575	Child Care and Development Block Grant	Human Services	55,599,467
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	18,075,778
Total CCDF Cluster			73,675,245
Medicaid Cluster			
93.775	State Medicaid Fraud Control Units	Attorney General	2,495,142
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health / Medicaid	4,805,237
93.778	Medical Assistance Program	Medicaid	3,838,776,825
93.778	ARRA – Medical Assistance Program	Medicaid	26,894,074
Total Medicaid Cluster			3,872,971,278
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,475,669,654

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>		
94.013	Volunteers in Service to America Human Services	25,000
	SUBTOTAL	25,000
<u>Foster Grandparent / Senior Companion Cluster</u>		
94.016	Senior Companion Program Human Services	136,880
	Total Foster Grandparent / Senior Companion Cluster	136,880
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	161,880
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>		
95.001	High Intensity Drug Trafficking Areas Program Public Safety	998,049
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT	998,049
<u>SOCIAL SECURITY ADMINISTRATION</u>		
96.007	Social Security – Research and Demonstration Public Safety	144,870
96.008	Social Security – Work Incentives Planning and Assistance Program Rehabilitation Services	366,683
	SUBTOTAL	511,553
<u>Disability Insurance / SSI Cluster</u>		
96.001	Social Security – Disability Insurance (DI) Rehabilitation Services	28,442,889
	Total Disability Insurance / SSI Cluster	28,442,889
	TOTAL SOCIAL SECURITY ADMINISTRATION	28,954,442
<u>DEPARTMENT OF HOMELAND SECURITY</u>		
97.001	Mississippi Interoperable Communications Grant Public Safety	3,199,665
97.012	Boating Safety Financial Assistance Wildlife, Fisheries and Parks	1,169,346
97.013	State Access to the Oil Spill Liability Trust Fund Environmental Quality	12,065
97.023	Community Assistance Program State Support Services Element (CAP-SSSE) Emergency Management	243,773
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters) Emergency Management	149,339,231
97.039	Hazard Mitigation Grant Emergency Management	45,966,473
97.041	National Dam Safety Program Environmental Quality	423,595
97.042	Emergency Management Performance Grants Emergency Management	4,405,909

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
97.043	State Fire Training Systems Grants	Insurance	16,527
97.044	Assistance to Firefighters Grants	Insurance	592,352
97.045	Cooperating Technical Partners	Environmental Quality	311,718
97.047	Pre-Disaster Mitigation	Emergency Management	203
97.049	Presidential Declared Disaster Assistance – Disaster Housing Operations for Individuals and Households	Emergency Management	85,910
97.052	Emergency Operations Center	Public Safety	680,299
97.067	Homeland Security Grant Program	Public Safety	6,294,706
97.082	Earthquake Consortium	Emergency Management	14,613
97.088	Disaster Assistance Projects	Emergency Management	98,679
97.089	Driver's License Security Grant Program	Public Safety	9,446,377
TOTAL DEPARTMENT OF HOMELAND SECURITY			222,301,441
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,602,610,796

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

The total expenditures for CFDA No. 17.225 include state expenditures of \$109,468,491 and federal expenditures of \$34,704,872.

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards by State Grantee Agency



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Agriculture and Commerce</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	138,256
10.069	Conservation Reserve Program	8,641
10.153	Market News	1,500
10.156	Federal – State Marketing Improvement Program	13,860
10.170	Specialty Crop Block Grant Program – Farm Bill	235,671
10.171	National Organic Certification Cost Share Program	5,750
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,751,438
10.680	Forest Health Protection	29,973
10.902	Soil and Water Conservation	73,482
10.950	Agricultural Statistics Reports	25,000
	Total U.S. DEPARTMENT OF AGRICULTURE	2,283,571
ENVIRONMENTAL PROTECTION AGENCY		
66.605	Performance Partnership Grants	610,250
	TOTAL Agriculture and Commerce	2,893,821
<u>Animal Health</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	326,685
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.008	Medical Reserve Corps Small Grant Program	3,500
	TOTAL Animal Health	330,185
<u>Archives and History</u>		
U.S. DEPARTMENT OF THE INTERIOR		
15.904	Historic Preservation Fund Grants-In-Aid	879,034
15.928	Civil War Battlefield Land Acquisition Grants	31,935
	Total U.S. DEPARTMENT OF THE INTERIOR	910,969
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.168	National Digital Newspaper Program	165,545
45.301	Museums for America	2,571
	Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	168,116
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		
89.003	National Historical Publications and Records Grants	94,016
	TOTAL Archives and History	1,173,101

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Arts Commission</u>		
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	
45.025	Promotion of the Arts - Partnership Agreements	701,504
TOTAL Arts Commission		701,504
<u>Attorney General</u>		
U.S. DEPARTMENT OF JUSTICE		
16.543	Missing Children's Assistance	295,473
16.576	Crime Victim Compensation	972,000
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	50,743
16.751	Edward Byrne Memorial Competitive Grant Program Task Force Program (ICAC)	79,343
16.816	John R. Justice Prosecutors and Defenders Incentive Act	56,334
Total U.S. DEPARTMENT OF JUSTICE		1,453,893
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.775	State Medicaid Fraud Control Units	2,495,142
TOTAL Attorney General		3,949,035
<u>Authority for Educational Television</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.855	Distance Learning and Telemedicine Loans and Grants	3,678
TOTAL Authority for Educational Television		3,678
<u>Board for Community and Junior Colleges</u>		
U.S. DEPARTMENT OF EDUCATION		
84.002	Adult Education – Basic Grants to States	5,527,449
TOTAL Board for Community and Junior Colleges		5,527,449
<u>Central Mississippi Residential Center</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	193,729
TOTAL Central Mississippi Residential Center		193,729
<u>Corrections</u>		
U.S. DEPARTMENT OF JUSTICE		
16.606	State Criminal Alien Assistance Program	11,545
16.740	Statewide Automated Victim Information Notification (SAVIN) Program	12,814

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
TOTAL Corrections		24,359
<u>Education</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.553	School Breakfast Program (SBP)	60,921,106
10.555 @	National School Lunch Program (NSLP)	182,251,123
10.556	Special Milk Program for Children (SMP)	4,018
10.558	Child and Adult Care Food Program	45,053,416
10.559	Summer Food Service Program for Children (SFSPC)	10,932,248
10.560	State Administrative Expenses for Child Nutrition	3,700,241
10.579	Child Nutrition Discretionary Grants Limited Availability	411,445
10.582	Fresh Fruit and Vegetable Program	2,059,391
Total U.S. DEPARTMENT OF AGRICULTURE		305,332,988
U.S. DEPARTMENT OF DEFENSE		
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	38,709
U.S. DEPARTMENT OF EDUCATION		
84.010	Title I Grants to Local Educational Agencies	180,817,239
84.011	Migrant Education – State Grant Program	769,002
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	425,752
84.027	Special Education – Grants to States (IDEA, Part B)	117,973,460
84.044	TRIO – Talent Search	388,290
84.048	Career and Technical Education – Basic Grants to States	14,814,930
84.144	Migrant Education – Coordination Program	36,434
84.173	Special Education – Preschool Grants (IDEA, Preschool)	3,687,052
84.196	Education for Homeless Children and Youth	626,063
84.287	Twenty-First Century Community Learning Centers	16,428,430
84.305	Education Research, Development and Dissemination	47,419
84.323	Special Education – State Personnel Development	1,016,431
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	106,782
84.358	Rural Education	4,178,830
84.365	English Language Acquisition State Grants	1,265,362
84.366	Mathematics and Science Partnerships	1,723,361
84.367	Improving Teacher Quality State Grants	32,916,637
84.369	Grants for State Assessments and Related Activities	4,313,271
84.372	Statewide Data Systems	623,808
84.374	Teacher Incentive Fund	2,468,808
84.377	School Improvement Grants	3,467,592
84.384	ARRA – Statewide Data Systems, Recovery Act	653,589
84.388	ARRA – School Improvement Grants, Recovery Act	2,200,141

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	Total U.S. DEPARTMENT OF EDUCATION	390,948,683
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	160,151
	TOTAL Education	696,480,531
	<u>Emergency Management</u>	
	U.S. DEPARTMENT OF TRANSPORTATION	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	208,143
	DEPARTMENT OF HOMELAND SECURITY	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	243,773
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	149,339,231
97.039	Hazard Mitigation Grant	45,966,473
97.042	Emergency Management Performance Grants	4,405,909
97.047	Pre-Disaster Mitigation	203
97.049	Presidential Declared Disaster Assistance – Disaster Housing Operations for Individuals and Households	85,910
97.082	Earthquake Consortium	14,613
97.088	Disaster Assistance Projects	98,679
	Total DEPARTMENT OF HOMELAND SECURITY	200,154,791
	TOTAL Emergency Management	200,362,934
	<u>Employment Security</u>	
	U.S. DEPARTMENT OF LABOR	
17.002	Labor Force Statistics	746,035
17.207	Employment Service / Wagner-Peyser Funded Activities	5,417,295
17.225 #	Unemployment Insurance	144,173,491
17.225 #	ARRA – Unemployment Insurance	-128
17.235	Senior Community Service Employment Program	944,115
17.245	Trade Adjustment Assistance	472,375
17.258	WIA Adult Program	9,233,298
17.259	WIA Youth Activities	8,395,995
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects	291,222
17.267	Incentive Grants – WIA Section 503	409,843
17.271	Work Opportunity Tax Credit Program (WOTC)	122,094
17.273	Temporary Labor Certification for Foreign Workers	102,356
17.277	Workforce Investment Act (WIA) National Emergency Grants	4,393,832
17.278	WIA Dislocated Worker Formula Grants	11,237,719
17.801	Disabled Veterans' Outreach Program (DVOP)	921,361

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
17.804	Local Veterans' Employment Representative (LVER) Program	317,939
	Total U.S. DEPARTMENT OF LABOR	187,178,842
	TOTAL Employment Security	187,178,842
	<u>Environmental Quality</u>	
	U.S. DEPARTMENT OF DEFENSE	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	197,913
	U.S. DEPARTMENT OF THE INTERIOR	
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	131,499
15.252	Abandoned Mine Land Reclamation (AMLR) Program	71,236
15.810	National Cooperative Geologic Mapping Program	76,655
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	7,333
	Total U.S. DEPARTMENT OF THE INTERIOR	286,723
	U.S. DEPARTMENT OF LABOR	
17.600	Mine Health and Safety Grants	18,687
	ENVIRONMENTAL PROTECTION AGENCY	
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	361,837
66.040	State Clean Diesel Grant Program	211,294
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	160,357
66.454	Water Quality Management Planning	103,738
66.458	Capitalization Grants for Clean Water State Revolving Funds	7,027,612
66.460	Nonpoint Source Implementation Grants	3,329,291
66.461	Regional Wetland Program Development Grants	22,739
66.472	Beach Monitoring and Notification Program Implementation Grants	312,916
66.605	Performance Partnership Grants	6,159,244
66.606	Survey's, Studies, Investigations and Special Purpose Grants	98,245
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	182,049
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	85,800
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	432,986
66.708	Pollution Prevention Grants Program	73,443
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	136,215
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	503,598
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	997,644
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	65,395
	Total ENVIRONMENTAL PROTECTION AGENCY	20,264,403

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	DEPARTMENT OF HOMELAND SECURITY	
97.013	State Access to the Oil Spill Liability Trust Fund	12,065
97.041	National Dam Safety Program	423,595
97.045	Cooperating Technical Partners	311,718
	Total DEPARTMENT OF HOMELAND SECURITY	747,378
	TOTAL Environmental Quality	21,515,104
	<u>Finance and Administration</u>	
	GENERAL SERVICES ADMINISTRATION	
39.003 @	Donation of Federal Surplus Personal Property	1,205,117
	TOTAL Finance and Administration	1,205,117
	<u>Forestry Commission</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.664	Cooperative Forestry Assistance	2,480,099
	TOTAL Forestry Commission	2,480,099
	<u>Governor's Office</u>	
	U.S. DEPARTMENT OF COMMERCE	
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	49,317
11.558	ARRA – State Broadband Data and Development Grant Program	654,800
	Total U.S. DEPARTMENT OF COMMERCE	704,117
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.600	Head Start	175,000
	TOTAL Governor's Office	879,117
	<u>Health</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	75,876,614
10.565	Commodity Supplemental Food Program	761,849
10.578	WIC Grants to States (WGS)	251,693
	Total U.S. DEPARTMENT OF AGRICULTURE	76,890,156
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
14.241	Housing Opportunities for Persons with AIDS Program	428,753

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	U.S. DEPARTMENT OF LABOR	
17.005	Compensation and Working Conditions	18,763
	APPALACHIAN REGIONAL COMMISSION	
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	50,959
	ENVIRONMENTAL PROTECTION AGENCY	
66.032	State Indoor Radon Grants	38,992
66.432	State Public Water System Supervision	412,738
66.468	Capitalization Grants for Drinking Water State Revolving Funds	8,220,958
	Total ENVIRONMENTAL PROTECTION AGENCY	8,672,688
	U.S. DEPARTMENT OF ENERGY	
81.136	DOE Salmon Testing Site	83,312
	U.S. DEPARTMENT OF EDUCATION	
84.181	Special Education – Grants for Infants and Families	3,290,186
84.393	Special Education – Grants for Infants and Families, Recovery Act	-173,466
	Total U.S. DEPARTMENT OF EDUCATION	3,116,720
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	-4,464
93.069	Public Health Emergency Preparedness	1,739,073
93.070	Environmental Public Health and Emergency Response	137,118
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	8,503,107
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	305,175
93.103	Food and Drug Administration – Research	465,440
93.110	Maternal and Child Health Federal Consolidated Programs	120,182
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	15,172
93.127	Emergency Medical Services for Children	118,185
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	230,825
93.136	Injury Prevention and Control Research and State and Community Based Programs	397,824
93.184	Disabilities Prevention	50,942
93.217	Family Planning – Services	3,835,031
93.236	Grants to States to Support Oral Health Workforce Activities	379,798
93.241	State Rural Hospital Flexibility Program	381,316
93.251	Universal Newborn Hearing Screening	155,165
93.268 @	Immunization Cooperative Agreements`	42,706,080
93.270	Adult Viral Hepatitis Prevention and Control	48,618
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	7,204,917

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.292	National Public Health Improvement Initiative	216,728
93.296	State Partnership Grant Program to Improve Minority Health	-6,863
93.301	Small Rural Hospital Improvement Grant Program	330,097
93.305	National State Based Tobacco Control Programs	130,967
93.336	Behavioral Risk Factor Surveillance System	51,218
93.414	ARRA – State Primary Care Offices	-3,083
93.507	PPHF National Public Health Improvement Initiative	105
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	284,435
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - Financed in Part by Prevention and Public Health Funds	150,053
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	-1,938
93.548	PPHF: State Nutrition, Physical Activity, and Obesity Programs – Financed in Part by PPHF	-345,748
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	1,021,772
93.712	ARRA – Immunization	-35,566
93.717	Preventing Healthcare – Associated Infections	-4,484
93.723	ARRA – Prevention and Wellness – State, Territories and Pacific Islands	-17,900
93.729	ARRA – Health Information Technology and Public Health	-12,269
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure And Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	566,636
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)	108,903
93.744	PPHF: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories Solely Financed by Prevention and Public Health Funds	-33,243
93.750	PPHF Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	-11,223
93.753	Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health Program (PPHF)	41,060
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease And Stroke (PPHF)	833,508
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	2,501,179
93.889	National Bioterrorism Hospital Preparedness Program	4,307
93.913	Grants to States for Operation of Offices of Rural Health	157,584
93.917	HIV Care Formula Grants	13,994,836
93.940	HIV Prevention Activities – Health Department Based	4,127,692
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	1,166,126
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,107,766
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	142,482
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	435,866
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	211,995
93.991	Preventive Health and Health Services Block Grant	1,375,862
93.994	Maternal and Child Health Services Block Grant to the States	7,875,173

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	103,153,537
	TOTAL Health	192,414,888
	<u>Human Services</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.551	Supplemental Nutrition Assistance Program (SNAP)	916,995,015
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	22,110,544
10.568	Emergency Food Assistance Program (Administrative Costs)	702,580
10.569 @	Emergency Food Assistance Program (Food Commodities)	6,686,568
10.577	SNAP Partnership Grant	316,205
10.596	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	5,337
	Total U.S. DEPARTMENT OF AGRICULTURE	946,816,249
	U.S. DEPARTMENT OF JUSTICE	
16.812	Second Chance Act Reentry Initiative	764
	U.S. DEPARTMENT OF ENERGY	
81.042	Weatherization Assistance for Low-Income Persons	1,416,148
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	57,153
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long-Term Care Ombudsman Services for Older Individuals	94,393
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	82,188
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	3,108,567
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	4,161,892
93.048	Special Programs for the Aging – Title IV – and Title II – Discretionary Projects	241,028
93.052	National Family Caregiver Support, Title III, Part E	1,000,018
93.053	Nutrition Services Incentive Program	816,800
93.071	Medicare Enrollment Assistance Program	245,211
93.235	Affordable Care Act (ACA) Abstinence Education Program	553,211
93.324	State Health Insurance Assistance Program	563,147
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	2,069,000
93.556	Promoting Safe and Stable Families	4,279,590
93.558	Temporary Assistance for Needy Families (TANF) State Programs	47,757,590
93.563	Child Support Enforcement	33,115,543
93.566	Refugee and Entrant Assistance – State Administered Programs	1,278,245
93.568	Low-Income Home Energy Assistance	27,753,101
93.569	Community Services Block Grants	10,980,095

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.575	Child Care and Development Block Grant	55,599,467
93.590	Community-Based Child Abuse Prevention Grants	184,614
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	18,075,778
93.597	Grants to States for Access and Visitation Programs	137,177
93.599	Chafee Education and Training Vouchers Program (ETV)	211,254
93.603	Adoption Incentive Payments	736,987
93.643	Children's Justice Grants to States	181,276
93.645	Stephanie Tubbs Jones Child Welfare Services Program	2,956,942
93.652	Adoption Opportunities	229,125
93.658	Foster Care – Title IV-E	22,064,968
93.659	Adoption Assistance	9,991,082
93.667	Social Services Block Grant	19,740,047
93.669	Child Abuse and Neglect State Grants	317,186
93.674	Chafee Foster Care Independence Program	1,122,212
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		269,704,887
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.013	Volunteers in Service to America	25,000
94.016	Senior Companion Program	136,880
Total CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		161,880
TOTAL Human Services		1,218,099,928
<u>Insurance</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	22,349
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	2,657,998
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	11,469,225
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		14,149,572
DEPARTMENT OF HOMELAND SECURITY		
97.043	State Fire Training Systems Grants	16,527
97.044	Assistance to Firefighters Grants	592,352
Total U.S. DEPARTMENT OF HOMELAND SECURITY		608,879
TOTAL Insurance		14,758,451
<u>Library Commission</u>		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.310	Grants to States	1,722,482

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
TOTAL Library Commission		1,722,482
<u>Marine Resources</u>		
U.S. DEPARTMENT OF COMMERCE		
11.407	Interjurisdictional Fisheries Act of 1986	101,293
11.417	Sea Grant Support	90,000
11.419	Coastal Zone Management Administration Awards	1,269,764
11.420	Coastal Zone Management Estuarine Research Reserves	759,580
11.434	Cooperative Fishery Statistics	76,015
11.463	Habitat Conservation	2,902
Total U.S. DEPARTMENT OF COMMERCE		2,299,554
U.S. DEPARTMENT OF THE INTERIOR		
15.426	Coastal Impact Assistance Program (CIAP)	814,707
15.605	Sport Fish Restoration Program	570,754
15.616	Clean Vessel Act Program	9,568
15.622	Sportfishing and Boating Safety Act	212,399
15.630	Coastal Program	2,108
15.668	Coastal Impact Assistance Program	6,461,420
15.939	National Heritage Area Federal Financial Assistance	41,141
Total U.S. DEPARTMENT OF THE INTERIOR		8,112,097
 TOTAL Marine Resources		 10,411,651
<u>Medicaid</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.767	Children's Health Insurance Program	189,696,049
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	2,304,058
93.778	Medical Assistance Program	3,838,776,825
93.778	ARRA – Medical Assistance Program	26,894,074
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	58,805
93.789	Alternatives to Psychiatric Residential Treatment Facilities for Children	106,564
93.791	Money Follows the Person Rebalancing Demonstration	4,674,640
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		4,062,511,015
 TOTAL Medicaid		 4,062,511,015

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>Mental Health</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,081,009
93.150	Projects for Assistance in Transition from Homelessness (PATH)	285,520
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	4,068,303
93.630	Developmental Disabilities Basic Support and Advocacy Grants	986,846
93.631	Developmental Disabilities Projects of National Significance	359,721
93.658	Foster Care - Title IV - E	239,354
93.659	Adoption Assistance	652,976
93.958	Block Grants for Community Mental Health Services	4,032,128
93.959	Block Grants for Prevention and Treatment of Substance Abuse	10,942,120
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		22,647,977
TOTAL Mental Health		22,647,977
<u>Military Department</u>		
U.S. DEPARTMENT OF DEFENSE		
12.400	Military Construction, National Guard	2,936,162
12.401	National Guard Military Operations and Maintenance (O&M) Projects	73,062,820
12.404	National Guard Challenge Program	4,201,435
Total U.S. DEPARTMENT OF DEFENSE		80,200,417
TOTAL Military Department		80,200,417
<u>MS Development Authority</u>		
U.S. DEPARTMENT OF DEFENSE		
12.002	Procurement Technical Assistance For Business Firms	447,113
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.228	Community Development Block Grants / State's Program	223,625,003
14.231	Emergency Solutions Grant Program	2,272,008
14.239	Home Investment Partnerships Program	11,214,247
Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		237,111,258
APPALACHIAN REGIONAL COMMISSION		
23.002	Appalachian Area Development	237,376
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	-12,484
Total APPALACHIAN REGIONAL COMMISSION		224,892

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	SMALL BUSINESS ADMINISTRATION	
59.061	State Trade and Export Promotion Pilot Grant Program	198,057
	U.S. DEPARTMENT OF ENERGY	
81.041	State Energy Program	509,147
81.119	State Energy Program Special Projects	431,289
	Total U.S. DEPARTMENT OF ENERGY	940,436
	TOTAL MS Development Authority	238,921,756
	<u>Oil and Gas Board</u>	
	ENVIRONMENTAL PROTECTION AGENCY	
66.433	State Underground Water Source Protection	102,750
	TOTAL Oil and Gas Board	102,750
	<u>Public Safety</u>	
	U.S. DEPARTMENT OF JUSTICE	
16.017	Sexual Assault Services Formula Program	226,223
16.475	Forensic Science Improvement Program	5,818
16.523	Juvenile Accountability Block Grants	326,377
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	232,880
16.554	National Criminal History Improvement Program (NCHIP)	57,647
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	612,158
16.575	Crime Victim Assistance	4,180,125
16.588	Violence Against Women Formula Grants	1,547,538
16.593	Residential Substance Abuse Treatment for State Prisoners	196,414
16.609	Project Safe Neighborhoods	9,355
16.727	Enforcing Underage Drinking Laws Program	11,866
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,940,128
16.750	Support for Adam Walsh Act Implementation Grant Program	191,419
16.922	Equitable Sharing Program	59,705
16.UN	Domestic Cannabis Eradication / Suppression Program	(7,000)
16.UN1	DEA Task Force	89,454
16.UN5	U.S. Marshall Service	29,973
	Total U.S. DEPARTMENT OF JUSTICE	9,710,080
	U.S. DEPARTMENT OF TRANSPORTATION	
20.218	National Motor Carrier Safety	3,529,455
20.232	Commercial Driver's License Program Improvement Grant	208,438
20.2NA	Fatal Analysis Reporting System	62,049
20.600	State and Community Highway Safety	9,399,997

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
20.607	Alcohol Open Container Requirements	4,763,201
	Total U.S. DEPARTMENT OF TRANSPORTATION	17,963,140
	EXECUTIVE OFFICE OF THE PRESIDENT	
95.001	High Intensity Drug Trafficking Areas Program	998,049
	SOCIAL SECURITY ADMINISTRATION	
96.007	Social Security – Research and Demonstration	144,870
	DEPARTMENT OF HOMELAND SECURITY	
97.001	Mississippi Interoperable Communications Grant	3,199,665
97.052	Emergency Operations Center	680,299
97.067	Homeland Security Grant Program	6,294,706
97.089	Driver's License Security Grant Program	9,446,377
	Total DEPARTMENT OF HOMELAND SECURITY	19,621,047
	TOTAL Public Safety	48,437,186
	<u>Public Service Commission</u>	
	U.S. DEPARTMENT OF TRANSPORTATION	
20.700	Pipeline Safety Program Base Grant	465,644
	TOTAL Public Service Commission	465,644
	<u>Rehabilitation Services</u>	
	U.S. DEPARTMENT OF EDUCATION	
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	39,039,504
84.169	Independent Living - State Grants	297,572
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	337,637
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	359,555
84.224	Assistive Technology	423,576
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training	139,801
	Total U.S. DEPARTMENT OF EDUCATION	40,597,645
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.369	ACL Independent Living State Grants	144,618
	SOCIAL SECURITY ADMINISTRATION	
96.001	Social Security – Disability Insurance (DI)	28,442,889
96.008	Social Security – Work Incentives Planning and Assistance Program	366,683
	Total SOCIAL SECURITY ADMINISTRATION	28,809,572

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	TOTAL Rehabilitation Services	69,551,835
	<u>Secretary of State</u>	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.617	Voting Access for Individuals with Disabilities – Grants to States	32,681
	TOTAL Secretary of State	32,681
	<u>Soil and Water Conservation Commission</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.902	Soil and Water Conservation	235,696
	TOTAL Soil and Water Conservation Commission	235,696
	<u>Supreme Court</u>	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.586	State Court Improvement Program	297,845
	TOTAL Supreme Court	297,845
	<u>Transportation</u>	
	U.S. DEPARTMENT OF TRANSPORTATION	
20.106	Airport Improvement Program	75,641
20.205	Highway Planning and Construction	477,932,572
20.237	Commercial Vehicle Information Systems and Networks	1,814,293
20.314	Railroad Development	82,503
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	12,967
20.509	Formula Grants for Rural Areas	14,694,796
20.509	ARRA – Formula Grants for Rural Areas	442,894
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	1,395,008
20.516	Job Access and Reverse Commute Program	127,357
20.521	New Freedom Program	607,368
20.526	Bus and Bus Facilities Formula Program	218,548
	Total U.S. DEPARTMENT OF TRANSPORTATION	497,403,947
	TOTAL Transportation	497,403,947
	<u>Treasury</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.665	Schools and Roads – Grants to States	6,123,239

(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, 2015

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	U.S. DEPARTMENT OF ENERGY	
81.UN1	Petroleum Violation Escrow – Stripper Well	758,346
	TOTAL Treasury	6,881,585
	<u>Veterans Affairs Board</u>	
	U.S. DEPARTMENT OF VETERANS AFFAIRS	
64.124	All-Volunteer Force Educational Assistance	112,104
	TOTAL Veterans Affairs Board	112,104
	<u>Wildlife, Fisheries and Parks</u>	
	U.S. DEPARTMENT OF COMMERCE	
11.467	Meteorologic and Hyrdologic Modernization Development	144,494
	U.S. DEPARTMENT OF DEFENSE	
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned by the pass-through entity - DACW01-3-91-0543, DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	1,530,187
	U.S. DEPARTMENT OF THE INTERIOR	
15.605	Sport Fish Restoration Program	2,283,641
15.608	Fish and Wildlife Management Assistance	420
15.611	Wildlife Restoration and Basic Hunter Education	5,483,884
15.615	Cooperative Endangered Species Conservation Fund	140,045
15.634	State Wildlife Grants	531,933
15.657	Endangered Species Conservation – Recovery Implementation Funds	7,036
15.916	Outdoor Recreation – Acquisition, Development and Planning	344,181
	Total U.S. DEPARTMENT OF THE INTERIOR	8,791,140
	U.S. DEPARTMENT OF TRANSPORTATION	
20.219	Recreational Trails Program	867,186
	DEPARTMENT OF HOMELAND SECURITY	
97.012	Boating Safety Financial Assistance	1,169,346
	TOTAL Wildlife, Fisheries and Parks	12,502,353
	TOTAL EXPENDITURES OF FEDERAL AWARDS:	\$ 7,602,610,796

(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, 2015

CFDA
Number **State Agency/Federal Department/Program Name**

Federal
Expenditures
Distributions/
Issuances

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

The total expenditures for CFDA No. 17.225 include state expenditures of \$109,468,491 and federal expenditures of \$34,704,872.

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

(This page left intentionally blank)

Notes to the Schedules of Expenditures of Federal Awards



(This page left blank intentionally.)

STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

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 commodities, immunizations 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, 2015, federal expenditures, distributions or issuances totaled \$7,602,610,796. This established the threshold for Type A programs as those with federal expenditures, distributions or issuances which exceeded \$22,807,832. For the fiscal year 2015 audit, there were 23 programs with expenditures exceeding the Type A threshold. Of these 23 programs, four (4) Type A programs were identified as low risk. Risk assessments of Type B programs were performed until four (4) high risk Type B programs were identified. Therefore for fiscal year 2015, twenty three federal award programs, comprising 19 high risk Type A programs and four high risk Type B programs, were audited as major programs for the State of Mississippi.

STATE OF MISSISSIPPI

Notes to Schedules of Expenditures of Federal Awards (continued)

- *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 accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2015. Expenditures of federal awards provided to the state's public universities and related entities were audited by other auditors 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 March 31, 2016.
- 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, 2015, 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 within the National School Lunch Program 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.

- 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 \$1,205,117. 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, 2015, as charges for sales and services of \$681,851. 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 \$1,657,542. 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, 2015, the outstanding loan balance for the program totaled \$4,212,079.
- 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	\$109,468,491
Federal Portion	<u>34,704,872</u>
Total	<u>\$144,173,363</u>

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for Clean Water 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 Mississippi Department of Environmental Quality. 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, 2015, was \$389,551,630. Total disbursements for new loans for the year ended June 30, 2015, totaled \$46,063,669. Administrative costs associated with the program for the year ended June 30, 2015, totaled \$1,433,054.
- 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, 2015, was \$155,041,074. Total disbursements for new loans made during fiscal year 2015 totaled \$13,785,860. Administrative costs associated with the program for the year ended June 30, 2015, totaled \$1,004,027.

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

G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$37,716,058 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:

CFDA Number	Program Name
10.555	National School Lunch Program (NSLP)
10.569	Emergency Food Assistance Program (Food Commodities)
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization

- *CFDA 10.555 — National School Lunch Program received \$182,251,123 including cash assistance and noncash assistance. Cash assistance totaled \$161,278,357 and noncash assistance totaled \$20,972,766.*
- *CFDA 93.268 — Immunization Grants received \$42,706,080 including cash assistance and noncash assistance. Cash assistance totaled \$2,663,040 and noncash assistance totaled \$40,043,040.*

I. The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 0.64 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.

J. Contingencies.

The State of Mississippi has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State.

The Office of the Governor – Division of Medicaid has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states,

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

including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS approximates \$28 million for the Division of Medicaid.

- K. The State of Mississippi's major federal programs for the year ended June 30, 2015, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA Number	Program Name
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
12.401	National Guard Military Operations and Maintenance (O&M) Projects
	CDBG – State-Administered CDBG Cluster
14.228	Community Development Block Grants / State’s Program
17.225	Unemployment Insurance
17.225	ARRA – Unemployment Insurance
	WIA Cluster
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
	Highway Planning and Construction Cluster
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
	Clean Water State Revolving Fund Cluster
66.458*	Capitalization Grants for Clean Water State Revolving Funds
	Drinking Water State Revolving Fund Cluster
66.468*	Capitalization Grants for Drinking Water State Revolving Funds

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

	Special Education Cluster (IDEA)
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.268	Immunization Cooperative Agreements
	TANF Cluster
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
	CCDF Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667*	Social Services Block Grant
93.767	Children’s Health Insurance Program
	Medicaid Cluster
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
93.778	ARRA – Medical Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant

*Denotes a Type B Program

Schedule of Findings and Questioned Costs

Part 1 – Summary of Auditor’s Results



(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted?

X yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

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

Unmodified for all major programs except for the Special Supplemental Nutrition Program for Women, Infants, and Children, the CCDF Cluster, and the TANF Cluster which were qualified, and except for the state's public universities for which a separate report was issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB 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:

CFDA Number	Program Name
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
	CDBG – State-Administered CDBG Cluster
14.228	Community Development Block Grants/State's Program
17.225	Unemployment Insurance
17.225	ARRA – Unemployment Insurance
	WIA Cluster
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
	Highway Planning and Construction Cluster
20.205	Highway Planning and Construction
20.205	ARRA – Highway Planning and Construction
20.219	Recreational Trails Program
	Clean Water State Revolving Fund Cluster
66.458*	Capitalization Grants for Clean Water State Revolving Funds
	Drinking Water State Revolving Fund Cluster
66.468*	Capitalization Grants for Drinking Water State Revolving Funds
	Special Education Cluster (IDEA)
84.027	Special Education – Grants to State (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)

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

<u>CFDA Number</u>	<u>Program Name</u>
84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.268	Immunization Cooperative Agreements
	TANF Cluster
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
	CCDF Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
	Medicaid Cluster
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
93.778	ARRA – Medical Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.039*	Hazard Mitigation Grant

* Denotes Type B Program

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

\$22,808,832

Auditee qualified as low-risk auditee?

 yes X no

(This page left blank intentionally.)

Schedule of Findings and Questioned Costs

Part 2 – Financial Statement Findings



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

PART 2 – FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance 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. Each finding has one of the following designations:

- **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the state’s financial statements will not be prevented, or detected and corrected on a timely basis.
- **Significant Deficiency** – A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- **Material Noncompliance** – Matters coming to the auditor’s attention relating to the state’s compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

PART 2 – FINANCIAL STATEMENT FINDINGS

Finding Number Finding and Recommendation

DEPARTMENT OF CORRECTIONS

Material Noncompliance

2015-020

Management is responsible for compliance with provisions of laws, regulations, contracts and grant agreements and preventing abuse

Finding:

The former Commissioner of MDOC resigned after a 49 count indictment, alleging the Commissioner was the recipient of bribes and kickbacks in exchange for favorable treatment in the awarding of MDOC contracts, was returned by a federal grand jury. The former Commissioner plead guilty to corruption charges in February 2015.

Potential noncompliance with laws, regulations and abuse has occurred.

Alleged misuse of an official's position has occurred for personal gain. An investigation is ongoing, and the potential cause will be determined at its conclusion.

Recommendation:

We recommend management should continue to comply with the Governor's directive to review contracts and rebid where appropriate. Also, we recommend management continue to evaluate MDOC's controls surrounding the procurement process to deter future potential issues.

NOTE: See Management's Response and Corrective Action Plan on page 161.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF EDUCATION

Material Weakness

2015-021

GAAP Packet Review Should be Comprehensive and GAAP Packets Should be Completed in a Timely Manner

Finding:

Due to the implementation of a new statewide accounting system - Mississippi Accountability System for Government Information and Collaboration, or MAGIC, policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting personnel were tasked with completing close out GAAP packets using new reports, policies and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

During our review of the financial reporting process at the Mississippi Department of Education, we noted agency personnel did not prepare their GAAP packet for treasury fund 5320100000, which includes a schedule of expenditures of federal awards (SEFA), in a timely manner. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was November 3, 2015. However, the final version of the GAAP packet was not submitted until December 16, 2015.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for postauditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that DFA-OFR obtained an extension for the CAFR from GFOA this year due to the implementation of the Mississippi Accountability System for Government Information and Collaboration, or MAGIC, the new accounting system used by the State.

The failure of agency personnel to prepare their GAAP packet for treasury fund 5320100000 in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements

in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State issue the Single Audit Report within nine months of the fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the SEFA are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal discretionary drawdowns being suspended.

Historically, MDE prepared journal entries and submitted information regarding their annual expenditure accrual in preparation of their GAAP packet.. Due to the implementation of MAGIC, Department of Finance and Administration (DFA) prepared the annual entry to accrue payables for expenditures that occurred before fiscal year end at June 30, 2015 but were not billed until the next fiscal year. This accrual entry was prepared by DFA, but ultimately reviewed and approved by MDE personnel. During our review of the Fund 5320100000 GAAP Packet at MDE, we noted that the initial accrual entry was understated by \$40,368,389, resulting in revision to the original journal entries and GAAP Packet reporting. This revision was the result of transactions recorded in the subsequent accounting period and was not identified by MDE during the initial review of the Fund 5320100000 GAAP Packet.

Generally accepted accounting principles require accounting transactions to be recorded in the appropriate accounting period to ensure completeness and accuracy of the financial statements. The failure to properly record expenditure transactions in the correct period could lead to material misstatements in the financial statements.

Recommendation:

We recommend the Mississippi Department of Education implement procedures to ensure a comprehensive review and timely completion of their GAAP packets in order to help ensure the CAFR and Single Audit Report are accurate and published in accordance with state and federal law.

NOTE: See Management's Response and Corrective Action Plan on page 163.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF FINANCE AND ADMINISTRATION

Material Weaknesses

2015-027

Controls Should Be Strengthened Over the Security Audit Log of Mississippi's Accountability System for Government Information and Collaboration

Finding:

Mississippi's Accountability System for Government Information and Collaboration (MAGIC) serves as the centralized statewide accounting system. State agencies utilize MAGIC on a daily basis as the State's general ledger necessary to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

Good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail, or security audit log, documentation should include evidence on how transactions are initiated, processed, recorded and summarized. Additionally, proper audit trail documentation also includes evidence of transactions that may have been voided, deleted, or changed after approval and initiation.

Inherent in the MAGIC system is a security audit log. This log records the following:

- Successful and unsuccessful dialog logon attempts
- Successful and unsuccessful transaction starts
- Successful and unsuccessful report starts
- Changes to user master records

During testwork performed for the fiscal year 2015 audit, we noted the following exceptions:

- Security audit logging functionality was not enabled for the MAGIC system; thereby eliminating the ability to monitor transactional changes in the MAGIC system.
- There is no formal review process for changes to critical MAGIC tables.

Failure to adequately log transactional changes and to periodically review logs for appropriateness could result in untimely modification of data, security configuration changes, or fictitious transactions.

Recommendation

We recommend that the Department of Finance and Administration enable the security audit log functionality in Mississippi's Accountability System for Government Information and Collaboration system and strengthen controls over the periodic review of such logs.

NOTE: See Managements Response and Corrective Action Plan on page 169.

Controls Should Be Strengthened Over Cash Reconciliations*Finding:*

The Department of Finance and Administration (DF A) is required to maintain the State's general ledger necessary to support the preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Additionally, DF A should have policies and controls in place to ensure the State's cash balances maintained in the statewide accounting system, Mississippi's Accountability System for Government Information and Collaboration (MAGIC), reconciles to the Mississippi Office of the State Treasurer's (OST) cash balances to prevent and detect a material misstatement in the financial statements in a timely manner.

Additionally, *The Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as cash reconciliations, are performed timely and accurately. During testwork performed for the fiscal year 2015 audit, we noted the following exceptions:

- Monthly reconciliations of MAGIC cash balances to OST cash balances were not performed by DF A. An annual reconciliation was prepared for the year ended June 30, 2015.
- Multiple entries were recorded to correct cash balances and reverse unnecessary entries in MAGIC and OST's accounting systems.
- Daily Average Cash Balance (DCAB) reports were not provided to OST so that data entered into Treasury's accounting system could be reconciled timely.

Failure to perform timely reconciliations can result in the possible risk of material misstatement of financial position and fraud.

Recommendation:

We recommend that the Department of Finance and Administration perform timely, monthly reconciliations of cash balances and provide accurate cash reports to the Office of the State Treasurer.

NOTE: See Managements Response and Corrective Action Plan on page 170.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

2015-029

Segregation of Duties Conflicts Exist within the Mississippi Accountability System for Government Information and Collaboration

Finding:

The Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as proper segregation of duties, exist and are effective. Proper segregation of duties is essential to minimizing the risk of fictitious transactions and misstated financial position.

Segregation of duties is the sharing of responsibilities within a key process and dispersing the critical functions of that process to more than one person or department. At a minimum, the following functions are considered incompatible for proper segregation of duties:

- Custody
- Authorization or approval
- Recording or reporting

When proper segregation of duties is not practical, compensating controls, such as increased review and reconciliation, should be implemented to ensure proper internal control activities have been met. Good internal controls require effective segregation of duties within MAGIC to ensure critical business functions are performed by separate individuals to prevent incompatible duties which may allow users to perpetuate and conceal errors or fraud in the normal course of duty.

During testwork performed for the fiscal year 2015 audit, we noted the following exceptions:

- Multiple users were granted inappropriate authorizations giving them the ability to perform functions in MAGIC that should be segregated. These functions include:
 - Modify table content
 - View or modify critical system tables
 - Maintain client tables
- Ability to make changes to the MAGIC data dictionary was not restricted to authorized personnel
- Ability to maintain client maintenance settings was not restricted to authorized personnel.
- Ability to process manual payments in MAGIC was not restricted to appropriate personnel.
- Ability to enter, post and approve transactions was not appropriately restricted to personnel at the Department of Finance and Administration (DFA).
- Ability to enter, post and approve transactions in the E-Grants (CRM) system was not appropriately restricted to agency personnel.

- Personnel responsible for the development and testing of MAGIC source code were not appropriately restricted from access in production.
- Ability to generate new user access data was not restricted to appropriate personnel.
- User access for separated employees and/or contractors was not appropriately terminated timely.
- There is no formal policy and/or process in place to ensure agencies are performing routine reviews of agency personnel user access levels.
- Ability to create and maintain master data was not restricted to authorized personnel.
- 18,223 instances of conflicting duties based on role assignment in the MAGIC system.

Failure to properly segregate duties and limit user access among agency personnel greatly increases the risk of misappropriation of assets, inappropriate changes to data or files and both unintentional and intentional unauthorized activity which can result in misstatement of financial position. Additionally, with the augmented risk of misstatements of financial position, the need for timely and accurate reviews and appropriate control monitoring increases significantly. Further, such situations increase the need for additional documentation, outside monitoring, manual review, and external verification of MAGIC activities and transactions.

Recommendation:

To mitigate risks associated with segregation of duties conflicts, we recommend that the Department of Finance and Administration (DFA) take the necessary steps to ensure user access is granted to all users under the "least privilege" principle, fully implement the Access Control portion of the Governance, Risk, and Compliance (GRC) module within MAGIC, and ensure that agencies are performing at least quarterly user access reviews of all user access (including contractors) to their business area. Agencies should certify to DFA on an annual basis that they have completed user access reviews at least quarterly.

NOTE: See Managements Response and Corrective Action Plan on page 170.

2015-030

The Department of Finance and Administration Should Strengthen the Process for Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards

Finding:

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for post auditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that the

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

Department of Finance and Administration - Office of Financial Reporting (DF A-OFR) obtained an extension for the CAFR from GFOA this year due to the implementation of the Mississippi Accountability System for Government Information and Collaboration, (MAGIC), the new accounting system used by the State.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the Schedule of Expenditures of Federal Awards (SEFA) are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of federal discretionary drawdowns.

Due the implementation of the new statewide accounting system, MAGIC, DFAOFR was unable to provide the Office of the State Auditor with the necessary financial information to perform the audit of the CAFR within six months of the close of the 2015 fiscal year. Further, reporting issues at various individual state agencies as well as DF A-OFR's current financial reporting process has hindered the ability of DF A-OFR to prepare a complete and accurate SEF A in a timely manner. The process is overly dependent on the post-audit program being a part of the internal control over financial reporting even though good internal controls state that the post-audit function should not be an internal control mechanism for any operational activity related to financial reporting. After financial packets were received from state agencies and reviewed by DF A-OFR, errors were noted by auditors that required adjusting journal entries to correct.

Other issues that required the financial information to be delayed included:

- Significant errors within MAGIC in interagency receivables and payables,
- Misstatements in capital assets,
- Reconciliation errors between cash in MAGIC and cash in Treasury,
- Transfer errors between funds, and
- Inaccuracies in financial reports produced in MAGIC.

The failure of DF A-OFR to compile financial and federal award information accurately and in a timely manner resulted in the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood that credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

Recommendation:

We recommend the Mississippi Department of Finance and Administration implement procedures to ensure the timely compilation of financial and federal award information in order to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

NOTE: See Managements Response and Corrective Action Plan on page 171.

2015-031

Written Policies and Procedures Should be in Place Related to Accounting and Reporting Matters

Finding:

The Department of Finance and Administration (DF A) provides agencies with the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual, which provides agencies with policies and procedures related to the accounting system, input documents, output documents, internal control procedures, and accounting and reporting matters.

During our review of the internal control environment for fiscal year 2015, we noted that the MAAPP manual has not been updated since the implementation of the Mississippi Accountability System for Government Information and Collaboration (MAGIC) on July 1, 2014, and does not consider system and accounting procedures specific to the MAGIC environment.

Failure to have an adequate policy and procedure manual governing statewide accounting policies and procedures could result in misappropriation of assets and material misstatements in financial statements.

Recommendation:

To minimize the risk of financial misstatements and system security compromise, DFA should update the MAAPP manual to ensure relevance of policies and procedures related to the accounting and internal control procedures in MAGIC.

NOTE: See Managements Response and Corrective Action Plan on page 172.

Significant Deficiency

2015-032

Controls Should Be Strengthened Over the Vendor Master File and Issuance of Payments to One Time Vendors

Finding:

The Department of Finance and Administration (DF A) is responsible for final approval of certain types of warrants issued by the State of Mississippi. These warrants are initially approved at the Agency level and then routed to DFA for final approval. Before warrants can be approved for payment, vendor information must entered into the State's accounting system - Mississippi's Accountability System for Government Information and Collaboration (MAGIC). Vendors are

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

then assigned a unique numerical identifier so that payments can be documented and an audit trail can be reviewed. Occasionally, warrants need to be issued on a singular basis to vendors. These "one time vendor" warrants are assigned a default vendor number and are not assigned a unique identifier. If, during the course of business, the same vendor requires additional warrants, agencies are required to request vendor information and enter the vendor into the MAGIC system, thereby assigning a unique identifier for future transactions.

In order to comply with The Code of Laws of the United States of America (26 U.S. Code Section 6041) regulations on the issuance of payments of \$600 or more, DF A has written policies to prohibit the use of the "one time vendor" distinction for any person or business issued a warrant for over \$600 for services rendered. DFA has classified certain expense general ledger accounts as "1 099 vendor accounts" and will not approve warrants to any "one time vendor" when these general ledger accounts are expensed.

During testwork performed for the fiscal year 2015 audit, we noted the following exceptions:

- 5,274 instances in which the vendors classified as one time vendors were paid multiple warrants from the same state agency; therefore, vendor information was not appropriately requested or entered in the vendor master file.
- Vendor master file data was not reviewed to ensure accuracy and completeness.

Failure to periodically review vendor master data to ensure accurate and complete vendor information has been requested and entered can lead to an increased risk of creating fictitious, incorrect, or duplicate payments and a possible misstatement of financial position. Additionally, failure to review one time vendor payments could result in erroneous tax reporting.

Recommendation

We recommend that the Department of Finance and Administration strengthen policies over the use of the one-time vendor code and conduct a regular review of the vendor master file to ensure complete and accurate vendor information has been entered.

NOTE: See Managements Response and Corrective Action Plan on page 173.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF MARINE RESOURCES

Material Weakness

2015-033

Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds

Finding:

MDMR procedures to ensure all significant liabilities related to outside grant reimbursement requests received after the lapse period are properly estimated and accrued into the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) need to be established.

As a result, material prior year grant expenditures were recorded as expenditures in the current year in Fund 53450000 for grant reimbursement requests paid after the lapse period.

Although MDMR's internal control procedures in place throughout the year contained a process for the identification and recording of year-end liabilities for grant reimbursement requests paid during the lapse period, the process did not fully address grant reimbursement requests for expenditures incurred by third parties before year-end submitted after the lapse period. MDMR is reliant in these situations for the third party to provide timely and accurate information. MDMR does not have insight into grant progress and needs to implement appropriate grant tracking capabilities to determine when it is likely such third parties would have incurred expenditures which need to be reported by MDMR as part of its grant reporting system.

Recommendation:

MDMR has enhanced and improved controls during the year to establish acceptable cutoff of recorded liabilities. MDMR should continue to seek ways to strengthen policies, controls and oversight over its grants management system to ensure invoices and subgrant reimbursement requests received after the year-end close or after the end of the lapse period to be paid from current financial resources are estimated and captured for recording in the annual financial statements. To facilitate this expanded process and to address the large number of open projects at MDMR, the Agency should consider using a grants management system that would allow for increased visibility into the ongoing progress/status of its open projects and grants through a dashboard or, routine reporting by subgrantees and related monitoring of this system by MDMR personnel.

NOTE: See Management's Response and Corrective Action Plan on page 193.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF PUBLIC SAFETY

Material Weakness

2015-035

Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds

Finding:

DPS did not have procedures in place to ensure that all significant revenues are allocated among appropriate funds and agencies and properly recorded and, thus, are properly stated in accounting principles generally accepted in the United States of America (GAAP) reporting financial statements.

As a result, an adjustment was recorded to correct interfund revenue allocations.

DPS has not designed internal control procedures for proper allocation of interfund and interagency revenues and correction of any identified misstatements.

Recommendation:

DPS should implement a policy to properly allocate and account for interagency revenue and correct any identified issues. Additionally, there should be appropriate review and approval of the allocations to prevent and/or detect misstatements.

NOTE: See Management's Response and Corrective Action Plan on page 195.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF REVENUE

Significant Deficiencies

2015-016

Controls Should Be Strengthened over Adjustments and Abatements to Taxpayer Accounts

Finding:

During our review of controls over taxpayer accounts at the Mississippi Department of Revenue, we noted that the Mississippi Automated Revenue System (MARS) has security function levels that allow users the capacity to perform certain types of activity within the system. Of the 613 users with access to MARS, 574 users, or 94 percent, with security function level 2702 have the capability to change, transfer and reverse returns in the MARS system without another user interacting with the transaction. This function relates to manually clearing computer edit exceptions during the submission of tax returns in order to initially post the returns in the system, which is a fundamental job responsibility of many agency employees who work return exceptions from work list queues tailored specifically for the employee. However, the function also allows return changes to be created after the initial posting of a return, which results in the creation of a new system version of the return. The agency created a computer change request in response to this similar finding in fiscal year 2014 which would allow electronic MARS notifications to be sent to supervisors/managers when return change transactions greater than \$5,000 are made after the original return posting (i.e., amendments); however, per review of the computer change request and discussion with agency personnel, this change was not implemented during fiscal year 2015.

In addition, we noted that 255 MARS users, or 42 percent, with security function level 2904 have the capability to request and approve transaction adjustments and abatements (tax, penalty and interest abatements) in the MARS system without another user interacting with the transaction. MARS notifications are sent to supervisors/managers when an adjustment/abatement over \$5,000 is requested. However, supervisors/managers are not required to follow up on the notifications after receiving them. They do not have to log their approval via notes on taxpayer accounts or enter the actual system approval if the person requesting has security function level 2904. Based on our testwork performed on 35 adjustment/abatement transactions, we noted in three instances, or nine percent in which transactions were requested and approved by the same individual and there were no notes in MARS to indicate whether other persons were aware of the adjustment/abatement transaction.

Good internal controls require a supervisory review and approval of significant and unusual adjustments and abatements made to taxpayer trial balances. The review and approval should be performed in a timely manner and be adequately documented with the date of the review and the person approving. Failure to require a supervisory review and approval of significant and unusual adjustments

to taxpayers' account balances could result in errors or fraud occurring and not being timely detected, which could result in misstatements to the taxpayers' trial balances and the agency's financial statements.

Recommendation:

We recommend the Mississippi Department of Revenue strengthen controls over adjustments and abatements to taxpayer accounts by ensuring significant and unusual adjustments and abatements in the Mississippi Automated Revenue System are reviewed and approved by appropriate management personnel. This review and approval should be documented for internal monitoring and audit purposes.

NOTE: See Management's Response and Corrective Action Plan on page 197.

2015-017

Controls over Statement and Billing Processes on Taxpayer Accounts Should Be Strengthened

Finding:

During our review of controls over taxpayer accounts at the Mississippi Department of Revenue, we noted the Mississippi Automated Revenue System (MARS) has a functionality by which an indicator can be placed at the taxpayer, account, or period levels of a taxpayer's financial information to suspend/stop activities that include, but are not limited to, the processing and mailing of statement of accounts, assessments and bills to taxpayers by system users. Stop indicators can be created with an indefinite cease date, meaning the system will never automatically release the indicator. Our testwork revealed that 613 unique MARS user ID's, or all MARS user ID's, have the ability to place stop indicators on MARS accounts without needing approval in the system from another user.

We also noted the following instances of usage during fiscal year 2015.

- 10,603 MARS accounts had a stop statement and/or stop billing indicator placed on the account during fiscal year 2015. The vast majority of these indicators (98%) were placed on the account by the employee in the Print Shop responsible for processing returned mail, which is the primary reason stop indicators are created in MARS.
- 10,598 accounts of the 10,603 accounts noted above, or 99 percent, had a stop indicator with an indefinite cease date.

The Mississippi Department of Revenue's MARS CRM Indicators – Stop Mail, Stop Statements & Stop Billing policy states indicators without a specific end date will be routinely reviewed to ensure the indicator is valid and managers will document the review at least once each quarter. Upon inquiry, agency personnel did not perform a review of taxpayer accounts with stop indicators in place. Good internal controls require a supervisory review on taxpayer accounts in which billing and statement processes have been suspended, including, but not limited to, those with an indefinite cease date. The lack of adequate controls over statement and billing processes on taxpayer accounts could result in errors or

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

fraud occurring and not being timely detected and the possible under-collection of taxes.

Recommendation:

We recommend the Mississippi Department of Revenue strengthen controls over statement and billing processes on taxpayer accounts. The agency should limit access to add stop indicators to accounts in the Mississippi Automated Revenue System to employees who require this function in the course of their work. We further recommend that supervisory review and approval should be required when applying stop indicators to taxpayer accounts which stop and/or suspend statements, assessments, and bills. This review should not be limited to those accounts in which stop indicators do not have a specific end date, but should include all accounts with a stop indicator related to statements, assessments and billing. The review and approval should be performed in a timely manner and documented in order that controls can be monitored.

NOTE: See Management’s Response and Corrective Action Plan on page 198.

2015-018

GAAP Packet Supporting Schedules Should Be Completed in a Timely Manner

Finding:

The Mississippi Department of Revenue (DOR) prepares a schedule of *Un-transferred Tax Collections and Receivables* as of fiscal year-end and provides the schedule annually to the Office of the State Treasurer in order for them to compile the GAAP packet for the treasury clearing fund 3917100000. Agency personnel did not perform a timely preparation of this schedule, which resulted in the Office of the State Treasurer not preparing the 3917100000 GAAP Packet timely. The final version of the schedule was submitted to the Office of the State Treasurer on January 29, 2016. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was November 3, 2015.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for post auditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government’s fiscal year end. It should be noted that DFA-OFR obtained an extension for the CAFR from GFOA this year due to implementation of the Mississippi Accountability System for Government Information and Collaboration, or MAGIC, the new accounting system used by the State.

The failure of agency personnel to submit required accounting schedules to the Office of the State Treasurer in a timely manner prevents the timely submission of the 3917100000 GAAP Packet to DFA-OFR and hinders the efficiency of the audit. These delays resulted in the CAFR not being published in accordance with state law and could result in the State of Mississippi not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood that credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to various users of the CAFR.

In addition, the Single Audit Act requires the State issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal discretionary drawdowns being suspended.

Recommendation:

We recommend the Mississippi Department of Revenue implement procedures to ensure the timely completion and submission of GAAP packet supporting schedules related to treasury fund 3917100000 to the Office of the State Treasurer in order to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

NOTE: See Management's Response and Corrective Action Plan on page 199.

2015-019

Agency Should Ensure Compliance with Federal Mandates for the Title and Motor Vehicle System

Finding:

The title and motor vehicle system currently being used by the Mississippi Department of Revenue is out of compliance with federal mandates concerning the Federal Anti-Car Theft Act of 1992 (ACT). This act calls for states to be able to provide information about vehicle ownership on a real time basis. The existing system does not meet this mandate nor can it be enhanced or improved. Also outages of the system have occurred in the past and the system is subject to failure at any time.

A failure in the system would result in the public being unable to buy or sell automobiles until the system can be recovered and subsequently titles can be issued. This would cause delays in the collection of significant amounts of ad valorem revenue to the state, counties, municipalities and local school boards. In addition, the State of Mississippi could face sanctions and fines from the federal government due to failure to comply with federal regulations. It should be noted that Mississippi is one of only three states that do not comply with this law. As of

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

June 30, 2015 a request for proposals has been issued by management to replace this system.

Recommendation:

The Mississippi Department of Revenue should replace the title and motor vehicle system as soon as possible in order to avoid loss of services to the public, the delay of income to the state, counties, municipalities and local school boards, and possible sanctions and fines from the federal government. During the time that this new system is being developed and the existing title and motor vehicle system is being utilized, management should be mindful of the risks and deficiencies of the existing system and implement compensating controls accordingly.

NOTE: See Management's Response and Corrective Action Plan on page 199.

(This page left blank intentionally.)

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF TRANSPORTATION

Material Weakness

2015-015

Controls Should be Strengthened to Ensure Capital Assets are Reported Timely and Accurately

Finding:

During our review of financial reporting at the Mississippi Department of Transportation, we noted agency personnel did not prepare their GAAP packet for Capital Assets in a timely manner. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was November 3, 2015. However, the GAAP packet for Capital Assets was not submitted until January 12, 2016. Additional changes were made to the Capital Assets GAAP Packet by the agency as late as March 9, 2016.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for postauditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that DFA-OFR obtained an extension for the CAFR from GFOA this year due to the implementation of the Mississippi Accountability System for Government Information and Collaboration, or MAGIC, the new accounting system used by the State.

The failure of agency personnel to prepare their GAAP packets in a timely manner resulted in the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report and both an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal

discretionary drawdowns being suspended.

Annually, MDOT submits the information, known as their Capital Assets GAAP Packet, along with supporting schedules to DFA-OFR. MDOT is responsible for recording and reporting all information related to their capital assets. During our review of the Capital Asset GAAP Packet at MDOT, we noted the following errors that required correction:

- Depreciation expense for infrastructure assets was not booked in the current year in the amount of \$325,161,575.
- Building and land improvement assets were incorrectly reported as infrastructure assets in the amount of \$64,652,868.
- Of the \$64,652,868 amount listed above, \$48,847,439 was reported as building and land improvements at the same time it was improperly included as infrastructure resulting in an overstatement in MDOT's capital assets.

Failure to record current year infrastructure depreciation and properly reflect capital asset additions could result in a material misstatement in Mississippi's CAFR that is reported in accordance with GAAP.

Recommendation

We recommend the Mississippi Department of Transportation strengthen internal controls to ensure their capital assets are reported timely, accurately, and in accordance with federal and state law. Additionally, we recommend the Mississippi Department of Transportation ensure the individuals responsible for preparing and approving GAAP packets have adequate knowledge to ensure the capital asset GAAP packet is properly completed.

NOTE: See agency response on page 201 and auditor's note on page 207.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF WILDLIFE, FISHERIES & PARKS

Material Weaknesses

2015-036 Audited Financial Statements Should Be Submitted in a Timely and Accurate Manner

Finding:

Due to the implementation of a new statewide accounting system - Mississippi Accountability System for Government Information and Collaboration (MAGIC), policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting personnel were tasked with completing close out GAAP packets using new reports, policies, and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

During our review of the financial reporting process at MDWFP, we noted the MDWFP fund financial statements were not submitted in a timely manner to the Office of the State Auditor. The deadline for submission of the audit report was November, 30, 2015; however, the audit report was not submitted until April 12, 2016.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that Department of Finance and Administration – Office of Financial Reporting obtained an extension for the CAFR from GFOA this year due to the implementation of MAGIC.

The failure of agency personnel to ensure audit reports were submitted in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The

independent auditor's report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report, and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of discretionary federal drawdowns.

Our audit procedures resulted in audit adjustments to accounts payable, due to other governments and various transfers between agencies. Currently, as a result of the implementation of MAGIC, as described above, accrual entries and entries involving transfers between funds and governments may sometimes be made by MDWFP personnel and sometimes by personnel at the Department of Finance and Administration.

Recommendation:

We recommend MDWFP implement procedures to ensure the timely submission of their audited financial statements in order to help ensure the State of Mississippi Comprehensive Annual Financial Report and Single Audit Report are both published in accordance with state and federal law. We further recommend that agency personnel submit plan information to the actuary in a timely manner in order to help prevent delays from occurring in the issuance of the audit report.

Further, controls should be implemented so that specific personnel are responsible for each account balance that is to be a part of the financial reporting process.

NOTE: See Management's Response and Corrective Action Plan on page 209

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

MISSISSIPPI DEVELOPMENT AUTHORITY

Significant Deficiency

2015-013

Controls over GAAP Reporting of Loans Receivable Should Be Strengthened

Finding:

During our review of the loans receivable recorded in the GAAP reporting packet for fund 634AE00000, the Mississippi Industry Incentive Fund, at the Mississippi Development Authority, we noted the following problems for which audit adjustments were proposed and subsequently made by agency personnel.

- An allowance for uncollectible loans receivable was not properly determined for a loan by the agency. This error resulted in an overstatement of loans receivable in the amount of \$21,118,950.
- A loan in the amount of \$13,000,000, which was made in fiscal year 2016, was incorrectly recorded as a loan receivable on the fiscal year 2015 GAAP reporting packet.

Generally accepted accounting principles require that loan balances, including an allowance for uncollectible loan receivables, be properly recorded. The basic accounting principle of conservatism should be used when determining estimates for the allowance for uncollectible loan amounts in order to ensure that loan balances are not overstated. In addition, Section 27.30.30 of the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual provides instructions for recording of loans receivable and the determination of the related allowance for uncollectible loans receivable. The failure to adequately follow generally accepted accounting principles could result in the financial statements being misstated.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls to ensure loans receivable and allowances for uncollectible loan receivables recorded in the GAAP reporting packets are fairly stated. Management should review the process each year for determining the allowance for uncollectible loans receivable to ensure the basic accounting principle of conservatism is adhered to. In addition, when circumstances and events occur after the submission of the GAAP reporting packet to the Department of Finance and Administration in which relevant factors differ from the assumptions used by management in determining the estimate for the allowance account, management should consider the impact on the accounting records and communicate these changes timely to the auditors.

NOTE: See Management's Response and Corrective Action Plan on page 215.

(This page left blank intentionally.)

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (concluded)

OFFICE OF THE STATE TREASURER

Significant Deficiency

2015-014

Audit Report for the Mississippi Prepaid Affordable College Tuition Funds
Should Be Submitted in a Timely Manner

Finding:

Due to the implementation of a new statewide accounting system - Mississippi Accountability System for Government Information and Collaboration (MAGIC), policies and procedures for the preparation and submission of agency fund level GAAP packets were revised in order to complement the new statewide accounting system. Agency accounting personnel were tasked with completing close out GAAP packets using new reports, policies, and procedures. In order to mitigate problems faced statewide, extended deadlines and procedures were temporarily utilized during fiscal year 2015 in order to assist agencies with completing GAAP packets.

During our review of the financial reporting process at the Office of the State Treasurer, we noted the CPA audit report for the Mississippi Prepaid Affordable College Tuition (MPACT) fund financial statements was not submitted in a timely manner to the Office of the State Auditor. The deadline for submission of the audit report was November, 30, 2015; however, the audit report was not submitted until March 1, 2016. This delay was caused, in part, by failure of agency personnel to timely submit plan information to the actuary which was needed in order to prepare the audit report.

Section 27-104-4, Miss. Code Ann. (1972) requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for postauditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end. It should be noted that Department of Finance and Administration – Office of Financial Reporting obtained an extension for the CAFR from GFOA this year due to the implementation of MAGIC.

The failure of agency personnel to ensure audit reports were submitted in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive

manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor's report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report, and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of discretionary federal drawdowns.

Recommendation:

We recommend the Office of the State Treasurer implement procedures to ensure the timely submission of the CPA audit report for the Mississippi Prepaid Affordable College Tuition fund financial statements in order to help ensure the State of Mississippi Comprehensive Annual Financial Report and Single Audit Report are both published in accordance with state and federal law. We further recommend that agency personnel submit plan information to the actuary in a timely manner in order to help prevent delays from occurring in the issuance of the audit report.

NOTE: See agency response on page 217 and auditor's note on page 219

Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned
Costs



(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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:

- **Material Weakness** – *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.
- **Significant Deficiency** – *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
- **Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgment 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.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U. S. DEPARTMENT OF AGRICULTURE

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

ACTIVITIES ALLOWED/UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES

*Immaterial Noncompliance
Control Deficiency*

10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.558	Child and Adult Care Food Program

Federal Award Number and Year:

2014CN202045	2014	2015CN202045	2015
2014IN202045	2014	2015IN202045	2015
2014CN109945	2014	2015CN109945	2015
2014IN109945	2014	2015IN1049945	2015

Questioned Costs: \$766,007

2015-023

Controls Should Be Strengthened over Allowable Costs for the Child and Adult Care Food Program and the Child Nutrition Programs.

Finding:

The Office of Management and Budget (OMB) *Circular A-133* and OMB *Circular A-87, Attachment A*, states that a cost is allowable for federal reimbursement only to the extent of benefits received by the federal program. The *Code of Federal Regulations* (CFR) for the National School Lunch Program, 7 CFR Part 210.9(a), require School Food Authorities (SFA's) wishing to participate in the program to submit a written application to the State agency for any school in which it desires to operate the program. Applications shall provide

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

the State agency with sufficient information to determine eligibility. In addition, Section 210.7(a) states that reimbursement payments to finance nonprofit school food service operations shall be made only to school food authorities operating under a written agreement with the State agency. Federal regulations for the National School Breakfast Program, 7 CFR Part 220.7 (e) state that each school food authority approved to participate in the program shall enter into a written agreement with the State agency that may be amended as necessary. Part 245.6 (c) (1) states eligibility for free or reduced price meals, as determined through an approved application or by direct certification must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. Lastly, the Policies and Procedures Manual for Child Nutrition Section 3 page 2 states, “The annual Application, Agreement and Free/Reduced Meal Policy related to receipt of Federal Funds for the National School Lunch Program, School Breakfast Program and Food Distribution Program shall have final approval by the Mississippi Department of Education (MDE) prior to the service of any meals under the (Child Nutrition) program.”

The *Code of Federal Regulations* for the Child and Adult Care Food Program, 7 CFR Part 226.11 (a), require that payments be made only to institutions operating under an agreement with the State agency for the meal types specified in the agreement served at approved child care centers, at-risk afterschool care centers, adult day care centers, emergency shelters, and outside-school-hours care centers. The Policies and Procedures Manual for Child Nutrition Section 9 page 3 states the agency administers CACFP and approves sponsoring organizations and independent centers to operate the program on the local level.

During testwork performed at the Mississippi Department of Education for the Child and Adult Care Food Program (CACFP) and Child Nutrition (CN) Program for the fiscal year 2015, we examined 8,071 transactions to verify the eligibility of the provider to receive payment and noted the following exceptions.

- Sixteen instances in which expenditures for the CN Program were charged to the CACFP Program in error. This resulted in known questioned costs of \$738,011. It was not considered necessary to project questioned costs for these instances.
- Nine instances in which expenditures for the CACFP Program were charged to the CN Program in error. This resulted in known questioned costs of \$27,775. It was not considered necessary to project questioned costs for these instances.

**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

Failure of agency personnel to properly assign and review proper expenditure classifications could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in improper payments to providers, questioned costs and the possible recoupment of funds by the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Education ensure compliance with the allowable costs requirements of the Child and Adult Care Food Program and Child Nutrition Programs by strengthening control procedures to ensure expenditures are assigned to the correct federal programs.

NOTE: See Management’s Response and Corrective Action Plan on page 167.

EDUCATION

REPORTING

Immaterial Noncompliance

Significant Deficiency

10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.558	Child and Adult Care Food Program

Federal Award Number and Year:

2014CN202045	2014	2015CN202045	2015
2014IN202045	2014	2015IN202045	2015
2014CN109945	2014	2015CN109945	2015
2014IN109945	2014	2015IN1049945	2015

Questioned Costs: None

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u> <u>Finding and Recommendation</u>
2015-022	<p data-bbox="475 443 1443 506"><u>Controls Should Be Strengthened over Federal Reporting for the Child and Adult Care Food Program and the Child Nutrition Programs</u></p> <p data-bbox="475 543 578 571"><i>Finding:</i></p> <p data-bbox="475 611 1443 842">The <i>Code of Federal Regulations</i> (7 CFR Section 220.13(b)) sets forth the reporting requirements of Food and Nutrition Services (FNS) reports and states each State agency shall maintain program records as necessary to support the reimbursement payments made to School Food Authorities under § 220.9 and the reports submitted to FNS under § 220.13(b)(2). In addition, good internal controls require an independent review of reports to ensure completeness and accuracy of reported data.</p> <p data-bbox="475 879 1443 1073">As part of our review of internal controls over federal reporting at the Mississippi Department of Education’s Office of Child Nutrition, we determined that supporting documentation was not maintained for the FNS-777 financial status reports. As a result, we were unable to perform testwork to ensure completeness and accuracy of the report. We also noted one out of the two quarterly reports selected for testwork was not independently reviewed.</p> <p data-bbox="475 1110 1443 1304">Failure to maintain supporting documentation for submitted FNS-777 reports could allow for noncompliance with federal regulations. This could potentially result in reports that do not accurately reflect the accounting records which are used to monitor the program costs and cash draws. Additionally, failure to perform independent reviews of reports could allow for errors and inaccurate data to be reported without being promptly detected.</p> <p data-bbox="475 1346 688 1373"><i>Recommendation:</i></p> <p data-bbox="475 1413 1443 1606">We recommend the Mississippi Department of Education maintain supporting documentation for the FNS-777 financial status reports in order to support the accuracy and completeness of the reports. We also recommend the agency strengthen controls related to the review of the reports. An independent review should be performed and adequately performed with the initials and date of the review.</p> <p data-bbox="475 1661 1406 1692">NOTE: See Management’s Response and Corrective Action Plan on page 166</p>

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

Significant Deficiency

10.557 93.074	Special Supplemental Nutrition Program for Women, Infants and Children Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements
93.268	Immunization Cooperative Agreements
93.777	State Survey and Certification of Health Care Providers and Suppliers
	Federal Award Number and Year: 5MS700704 2015 and 2014 5U90TP000530-03 2015 5H23IP000790-03 2015 5H23IP000790-02 2014 Pass through funds from Medicaid

Questioned Costs: None

2015-025 Controls Should Be Strengthened over Allowable Costs/Cost Principles
 for the Time Study System

Finding:

The *Code of Federal Regulations* (2 CFR section 225) requires that allowable costs be determined in accordance with the Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. OMB Circular A-87 requires that 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. For allocated costs, OMB Circular A-87 requires quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports. Quarterly adjustments should be made if the reconciliation indicates the actual costs are greater than the budgeted costs.

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 is based on time study reporting forms completed by applicable employees for one week of each month. The agency budgets personnel costs to the respective programs for the forthcoming

**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

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 the salaries charged to the federal program were reasonable and the program was not overcharged. Any adjustments to payroll are made based upon the results of time study.

During our testing of the agency's time study process, we verified the reconciliations between actual time and effort reports and the amount charged for payroll for major programs had been performed at least quarterly. For one of the reconciliations tested, we noted one instance in which the amount reported for quarter ending December 2014 for the terminal leave payments, overtime and death payments per the reconciliation did not agree to the amount reported on the statewide accounting system, Mississippi's Accountability System for Government Information and Contracts (MAGIC) report for major federal program State Survey and Certification. The reconciliation shows an amount of \$11,860, and the MAGIC reports shows an amount of \$20,700, a difference of \$8,840.

Our review of the time study process also identified a lack of adherence to agency policies over time study procedures. Current year time study procedures did not comply with all of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies. The manual requires the time study must encompass at least one full week per month of the cost reporting period, each week selected must be a full work week, the weeks selected must be equally distributed among the months in the cost reporting period, and no two consecutive months may use the same week for the study. The Mississippi State Department of Health did not equally distribute the data collection weeks throughout the year, and there were six instances where two consecutive months use the same week for the study in the cost reporting period.

We also noted data entry errors on the time study form. There was one instance in which the time information listed on the time study form did not agree to the time study information keyed into the time study system.

During our testing, we also noted the following deficiencies related to the agency's Relative Values Table used to determine the allocation of payroll costs for services provided by nurses, nurse practitioners and doctors to various federal programs. These were deficiencies communicated to agency management in the prior year when the relative values table was originally audited and remained uncorrected in the current year:

- One instance (service code 15) in which time was entered into the Relative Value Table for services that are no longer provided in the clinics and

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

**CFDA/Finding
Number**

U. S. DEPARTMENT OF AGRICULTURE (continued)

Finding and Recommendation

- therefore should not be allocating PC03 time.
- Two instances in which the service codes (83B and 85A) could not be traced to the Standard Time report and the Relative Value Table did not agree to auditor calculation of an average of the previous few years' Relative Value tables.
 - One instance in which service code 82A did not agree to the Standard Time report. It was a clerical error noted on the Standard Time report in which it should have been listed as 82A and not 83A.
 - One instance in which service code 29 does not appear on the Standard Time Value Table in which time was recorded for nurses, nurse practitioners and doctors on the Relative Value Table.
 - One instance in which a program code listed on the Standard Time Value Table for service code 99B does not agree to the program code on the relative value table. On the relative value table, it is listed as GA whereas on the Standard Time Value Table, it is listed as OT.
 - There was no supervisory review of the relative value table for the last four years.

Failure to verify the accuracy of data input on the reconciliations and time study forms, modify inaccurate relative values data, and adhere to agency policies for time study procedures could result in the misallocation of federal funds and questioned costs. The agency may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.

Recommendation:

We recommend the Mississippi State Department of Health strengthen internal controls to ensure time study reconciliations are timely and accurately prepared, reviewed, and performed for all federal programs to ensure that federal programs have not been overcharged based upon actual distribution of effort. We further recommend that management strengthen internal controls to ensure sufficient monitoring and oversight of time study policies and procedures.

NOTE: See Management's Response and Corrective Action Plan on page 176.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u> <u>Finding and Recommendation</u>
	<u>HEALTH</u>
	ELIGIBILITY
	<i>Significant Deficiency</i>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children Federal Award Number and Year: 5MS700704 2015 and 2014 Questioned Costs: None
2015-026	<u>Controls Should Be Strengthened over the Eligibility Certification Process for the Special Supplemental Nutrition Program for Women, Infants and Children</u> <i>Finding:</i> During our testing of eligibility requirements of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) using the Successful Partners in Reaching Innovative Technology (SPIRIT) system at the Mississippi State Department of Health, we selected 40 participants and noted the following exceptions: <ul style="list-style-type: none">• Seven instances in which there were no evidence of the participants' signatures in SPIRIT or on a manual signature form at the clinic stating they had read their rights and obligations related to the WIC program;• Five instances in which there was no evidence of participants' signatures approving the issuance of checks for benefits during certification;• Seven instances in which valid supporting documents were not used to verify residency of a newborn or pregnant/postpartum woman. For two newborn participants, the established medical record was selected as proof of residency instead of properly selecting the mother's medical record in the system. For five women participants, the mother's medical record was selected as proof of residency instead of properly selecting the established medical record; and• One instance in which the hematological test (blood work) was not recorded for a child at certification. The <i>Code of Federal Regulations</i> (7 CFR 246.7(i) (10)) states the certification data for each person certified shall be recorded on a form and shall include a statement of the rights and obligations under the program. The statement must contain a signature space, and must be read by or to the applicant, parent, or

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u> <u>Finding and Recommendation</u>
	<p>caretaker. It must contain the language as specified in the federal regulations or alternate language as approved by FNS, and be signed by the applicant, parent or caretaker after the statement is read. Agency policy also requires participants' signatures approving the issuance of checks for benefits.</p> <p>The <i>Code of Federal Regulations</i> (7 CFR 246.7(c) (2) (i)) also states that at certification the State or local agency must require each applicant to present proof of residency and proof of identify. The agency has established the WIC Policy and Procedure Manual which provides guidelines and a list of items that can be accepted for proof of identify and residency. The manual states that the current medical record must be established before using as proof of identification and residency.</p> <p>The WIC Policy and Procedure Manual also state that one blood test is required between 12-24 months of age and once every 12 months from two to five years of age for children whose blood test results were within the normal range at their last certification.</p> <p>Failure to obtain and properly verify identification and residency and not obtaining the participants' signatures could result in an ineligible participant being allowed to receive benefits, which could result in questioned costs.</p> <p><i>Recommendation:</i></p> <p>We recommend the Mississippi State Department of Health strengthen internal controls over the eligibility certification process of the Special Supplemental Nutrition Program for Women, Infants, and Children to ensure that all required information obtained during the process is properly supported and the participants' signatures are obtained.</p> <p>NOTE: See Management's Response and Corrective Action Plan on page 176.</p>

**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

Recommendation:

We recommend the Mississippi State Department of Health strengthen controls over subrecipient monitoring for the Special Supplemental Nutrition Program for Women, Infants, and Children to ensure monitoring procedures are performed in compliance with federal regulations for all subrecipients at least once every two years.

NOTE: See Management’s Response and Corrective Action Plan on page 175.

HUMAN SERVICES

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.568	Low-Income Home Energy Assistance Program
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care Development Fund
93.667	Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1301MSSOSR	2013	
G1402MSTANF	2014	G1401MSSOSR	2014
G1502MSTANF	2015	G1501MSSOSR	2015
G1201MSCCDF	2012	G12B1MSLIEA	2012
G1301MSCCDF	2013	G13B1MSLIEA	2013
G1401MSCCDF	2014	G14B1MSLIEA	2014
G1501MSCCDF	2015	G14B1MSLIEA	2015

Questioned Costs: \$347,248

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u> <u>Finding and Recommendation</u>
2015-012	<p data-bbox="474 443 1333 474"><u>Agency Should Ensure Compliance with Allowable Costs Requirements.</u></p> <p data-bbox="474 512 578 543"><i>Finding:</i></p> <p data-bbox="474 579 1443 810">The Code of Federal Regulations (45 CFR Part 95 and 2 CFR Part 200) requires that programs administered by the respective federal authority adhere to the cost principles of OMB Circular A-87. OMB Circular A-87, Attachment C requires the distribution of joint costs related to a grant program to be supported by a cost allocation plan (CAP). Further, 45 CFR Part 95.517 states that a State may claim costs based on a proposed plan, unless otherwise advised by the Division of Cost Allocation in the appropriate HHS Regional Office.</p> <p data-bbox="474 846 1443 1010">During testwork performed for the Division of Cost Allocation for allocated costs during fiscal year 2015, we noted that certain shared costs that should have been charged directly to cost centers/cost pools for further allocation were instead charged in error to “roll up” cost centers and did not flow through the cost allocation process.</p> <p data-bbox="474 1045 1443 1108">The above instances of noncompliance resulted in known questioned costs of \$347,248.</p> <p data-bbox="474 1144 1443 1245">Noncompliance with federal allowable costs requirements could potentially result in costs not being accumulated and allocated correctly and could result in questioned costs and recoupment of costs by the federal granting agency.</p> <p data-bbox="474 1281 688 1312"><i>Recommendation:</i></p> <p data-bbox="474 1348 1443 1491">We recommend the Mississippi Department of Human Services strengthens its policies to ensure that joint indirect costs are charged to the proper cost centers so that they flow through the cost allocation process for proper assignment to the agency’s federal programs.</p> <p data-bbox="474 1526 1411 1560">NOTE: See Management’s Response and Corrective Action Plan on page 191.</p>

**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

HUMAN SERVICES

REPORTING

Material Weakness

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

12-35-2841– B13	2013	G1402MSTANF	2014
12-35-2841 – B14	2014	G1502MSTANF	2015
12-35-2841– B15	2015	G1201MSCCDF	2012
2013IS750345	2013	G1301MSCCDF	2013
2014IS750345	2014	G1401MSCCDF	2014
2015IS750345	2015	G1501MSCCDF	2015

Questioned Costs: None

2015-004	<u>Controls Should Be Strengthened over the Submission of Required Federal Reports</u>
----------	--

Finding:

The *Code of Federal Regulations* (45 CFR Part 265.3) requires a “TANF Data Report” (ACF-199) for the Temporary Assistance to Needy Families (TANF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.

During testwork performed for the reporting requirements of the TANF program during fiscal year 2015, we noted the following exceptions:

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	U. S. DEPARTMENT OF AGRICULTURE (continued)
	<u>Finding and Recommendation</u>
	<ul style="list-style-type: none">• Sections two, three and four of the December 31, 2014 quarterly reports were not submitted within 45 days after the end of the reporting period. Reports averaged 7 days late.• Sections one, two, and four of the June 30, 2015 quarterly reports were not submitted within 45 days after the end of the reporting period. Reports averaged 49 days late.
	<p>The <i>Code of Federal Regulations</i> (45 CFR Part 265.6) requires a “Quarterly Financial Status Report” (ACF-196) for the TANF program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.</p>
	<p>During testwork performed for the program specific reporting requirements of the TANF program during fiscal year 2015, we noted five out of seven reports submitted were not submitted within 45 days after the end of the reporting period. Reports averaged 14 days late.</p>
	<p>The <i>Code of Federal Regulations</i> (45 CFR Part 98.70) requires a “Quarterly Financial Status Report” (ACF-696) for the Child Care and Development Fund (CCDF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.</p>
	<p>During testwork performed for the program specific reporting requirements of the CCDF program during fiscal year 2015, we noted 12 out of 12 reports submitted were not submitted within 30 days after the end of the reporting period. Reports averaged 14 days late.</p>
	<p>The <i>Code of Federal Regulations</i> (45 CFR Part 75.341) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of federal awards. The Federal Financial Report (FFR) is required to be completed and submitted in accordance with instructions provided by the Administration for Children and Families, and must be submitted quarterly, semiannually or annually, based on instructions from the ACF and</p>

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

**CFDA/Finding
Number**

U. S. DEPARTMENT OF AGRICULTURE (continued)

Finding and Recommendation

awarding agency. Those instructions require States to submit quarterly and semi-annual reports no later than 30 days after the end of each reporting period and annual reports no later than 90 days after the end of each reporting period or grant period end date.

During testwork performed for reporting requirements of the TANF, CCDF, and Supplemental Nutrition Assistance Program (SNAP) programs during fiscal year 2015, we noted the following exceptions:

- Two of the two reports tested for the quarterly TANF FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 21 days late.
- Two of the two reports tested for the quarterly CCDF FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 21 days late.
- Four of the six reports tested for the quarterly SNAP FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 14 days late.

Good internal controls over reporting should include a timely and independent review of information reported. Failure to timely review and submit reports could result in reporting penalties and could impact ACF's funding determinations.

Recommendation:

We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

NOTE: See Management's Response and Corrective Action Plan on page 182.

**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

HUMAN SERVICES

SUBRECIPIENT MONITORING

Material Weakness

10.551	Supplemental Nutrition Assistance Program
10.561	State Administration Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal Award Number and Year:

12-35-2841 – B14	2014	G1402MSTANF	2014
12-35-2841– B15	2015	2014IS750345	2014
G1201MSSOSR	2012	G1401MSSOSR	2014

Questioned Costs: None

2015-005

Controls Should Be Strengthened over On-Site Monitoring

Finding:

The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the Code of Federal Regulations (45 CFR Part 92). The Code of Federal Regulations (45 CFR Part 92.40) designates MDHS for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and to ensure performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

We evaluated MDHS’s compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS’s Division of Program Integrity – Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u>
	<u>Finding and Recommendation</u>
	<p>review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.</p>
	<p>During testwork performed on subrecipient on-site monitoring for 32 subgrant contracts during state fiscal year 2015, we noted the following weaknesses:</p>
	<ul style="list-style-type: none">• Eight contracts tested, or 25 percent, were not monitored within the contract period as required by Program Integrity’s Division of Monitoring procedures. Contracts were monitored between 58 and 180 working days later, with an average of 108 working days after the contract end date.• Eight contracts, or 25 percent, were noted where Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued:<ul style="list-style-type: none">• Corrective Actions were received between 17 and 26 days from the IMR, with an average of 18 days passing between the IMR and subgrantee’s response.• Two contracts never received a Corrective Actions response; however, demand letters were sent and an Administrative Hearing was requested.• Nine contracts, or 28 percent were noted in which the Initial Monitoring Report was not issued within 60 days of the exit conference:<ul style="list-style-type: none">• IMR’s were issued between 66 and 155 days late, with an average of 105 working days after the exit conference took place.• Three contracts, or nine percent, in which the Fact Finding Sheet showed no evidence of the Subgrantee’s signature.• Four contracts, or 13 percent, in which Question Costs had not been completely resolved as of the date of testwork.• During our verification of the completeness of the sample population of 115, we noted three contracts that were listed on the GM18 report and had expenditures in FY2014 were not included on the SFY2014 Subgrant Monitoring Tracking document. Of the three contracts, two contracts were not subjected to on-site monitoring within the contract period. These two contracts total \$1,146,490 out of \$62,957,259 (1.8%) in the population.
	<p>MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a</p>

**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

timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

Recommendation:

We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Office of Monitoring (OM) strengthen its existing internal controls over on-site monitoring to ensure all active subgrantee contracts are timely monitored during-the-award in accordance with OM policies and procedures. We also recommend that the agency ensure that the Report of Findings & Recommendations prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.

NOTE: See Management’s Response and Corrective Action Plan on page 183.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Significant Deficiency

10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.568	Low-Income Home Energy Assistance Program
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care Development Fund
93.667	Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1201MSSOSR	2011
G1102MSTANF 2011	G1301MSSOSR	2012
G1202MSTANF 2012	G1301MSSOSR	2013
G1302MSTANF 2013	G11B1MSLIEA	2011
G1001MSCCDF 2010	G12B1MSLIEA	2012
G1101MSCCDF 2011	G13B1MSLIEA	2013
G1201MSCCDF 2012		
G1301MSCCDF 2013		

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	<u>U. S. DEPARTMENT OF AGRICULTURE (continued)</u> <u>Finding and Recommendation</u>
2015-009	<p data-bbox="474 443 768 470">Questioned Costs: None</p> <p data-bbox="474 510 1443 604"><u>Controls Should Be Strengthened over Subrecipient Monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG and LIHEAP Programs and for the CCDF Cluster</u></p> <p data-bbox="474 646 578 674"><i>Finding:</i></p> <p data-bbox="474 716 1443 1050">The Office of Management and Budget (OMB) Circular A-133 states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$500,000 or more in Federal awards during their fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.</p> <p data-bbox="474 1092 1443 1220">During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity – Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2013. During our review, we noted the following problems.</p> <ul data-bbox="474 1262 1443 1898" style="list-style-type: none"><li data-bbox="474 1262 1443 1556">• Of 23 subgrantees tested, we noted seven instances in which the OMB A-133 audit reports/SAIF forms for the subgrantee were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In each instance where an audit was received, we noted that the OMB A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent an initial letter and a reminder letter to each subgrantee regarding their OMB A-133 audit report requirements. Subgrantee audit reports were received on average 98 days after the nine month deadline.<li data-bbox="474 1566 1443 1898">• Of seven subgrantees tested on Attachment B of the Status Report, we noted seven instances in which the OMB A-133 audits or Subgrantee Audit Information Forms (SAIF) for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In four of the seven instances in which an audit was received, we noted that the OMB A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent an initial letter, a reminder letter, and a demand letter to each subgrantee regarding their OMB A-133 audit report requirements, but no additional follow-up to obtain the OMB A-133 audit/SAIF was made by Office of Monitoring prior to the

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (continued)

<u>CFDA/Finding Number</u>	U. S. DEPARTMENT OF AGRICULTURE (concluded)
	<u>Finding and Recommendation</u>
	<p>auditor’s request. Subgrantee audit reports were received on average 405 days after the nine month deadline.</p> <ul style="list-style-type: none">• During testing of completeness, we noted seventeen instances in which subrecipients were not included on the FY2013 tracking report utilized by Office of Monitoring but had expenditures in FY2013 and should have been included for tracking purposes. <p>Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.</p> <p><i>Recommendation:</i></p> <p>We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring for OMB A-133 audits to ensure recipients expending \$500,000 or more in Federal funds during their fiscal year are appropriately monitored and an OMB A-133 audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee’s audit report contains findings. We further recommend that OM should ensure all subrecipients are included on the tracking report and continue to follow-up to obtain an OMB A-133 audit or Subgrantee Audit Information Form after the demand letter is issued.</p> <p>NOTE: See Management’s Response and Corrective Action Plan on page 188.</p>

**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

reports and the actual amounts charged for payroll for each program in order to determine the salaries charged to the federal program were reasonable and the program was not overcharged. Any adjustments to payroll are made based upon the results of time study.

During our testing of the agency's time study process, we verified the reconciliations between actual time and effort reports and the amount charged for payroll for major programs had been performed at least quarterly. For one of the reconciliations tested, we noted one instance in which the amount reported for quarter ending December 2014 for the terminal leave payments, overtime and death payments per the reconciliation did not agree to the amount reported on the statewide accounting system, Mississippi's Accountability System for Government Information and Contracts (MAGIC) report for major federal program State Survey and Certification. The reconciliation shows an amount of \$11,860, and the MAGIC reports shows an amount of \$20,700, a difference of \$8,840.

Our review of the time study process also identified a lack of adherence to agency policies over time study procedures. Current year time study procedures did not comply with all of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services' Provider Reimbursement manual requirements for conducting time studies. The manual requires the time study must encompass at least one full week per month of the cost reporting period, each week selected must be a full work week, the weeks selected must be equally distributed among the months in the cost reporting period, and no two consecutive months may use the same week for the study. The Mississippi State Department of Health did not equally distribute the data collection weeks throughout the year, and there were six instances where two consecutive months use the same week for the study in the cost reporting period.

We also noted data entry errors on the time study form. There was one instance in which the time information listed on the time study form did not agree to the time study information keyed into the time study system.

During our testing, we also noted the following deficiencies related to the agency's Relative Values Table used to determine the allocation of payroll costs for services provided by nurses, nurse practitioners and doctors to various federal programs. These were deficiencies communicated to agency management in the prior year when the relative values table was originally audited and remained uncorrected in the current year:

- One instance (service code 15) in which time was entered into the Relative Value Table for services that are no longer provided in the clinics and therefore should not be allocating PC03 time.

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

- Two instances in which the service codes (83B and 85A) could not be traced to the Standard Time report and the Relative Value Table did not agree to auditor calculation of an average of the previous few years' Relative Value tables.
- One instance in which service code 82A did not agree to the Standard Time report. It was a clerical error noted on the Standard Time report in which it should have been listed as 82A and not 83A.
- One instance in which service code 29 does not appear on the Standard Time Value Table in which time was recorded for nurses, nurse practitioners and doctors on the Relative Value Table.
- One instance in which a program code listed on the Standard Time Value Table for service code 99B does not agree to the program code on the relative value table. On the relative value table, it is listed as GA whereas on the Standard Time Value Table, it is listed as OT.
- There was no supervisory review of the relative value table for the last four years.

Failure to verify the accuracy of data input on the reconciliations and time study forms, modify inaccurate relative values data, and adhere to agency policies for time study procedures could result in the misallocation of federal funds and questioned costs. The agency may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.

Recommendation:

We recommend the Mississippi State Department of Health strengthen internal controls to ensure time study reconciliations are timely and accurately prepared, reviewed, and performed for all federal programs to ensure that federal programs have not been overcharged based upon actual distribution of effort. We further recommend that management strengthen internal controls to ensure sufficient monitoring and oversight of time study policies and procedures.

NOTE: See Management's Response and Corrective Action Plan on page 176.

HUMAN SERVICES

ALLOWABLE COSTS/COST PRINCIPLES

Material Noncompliance

Material Weakness

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

93.575
 93.596

Child Care and Development Block Grant
 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:
 G1401MSCCDF 2014 G1501MSCCDF 2015

 Questioned Costs: \$5,214

2015-003

Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the CCDF Cluster

Finding:

The *Code of Federal Regulations* (45 CFR 98) regulates expenditures of funds under the Child Care and Development Block Grant (CCDF), including the identification of allowable costs for CCDF expended through the child care certificate program. The Mississippi Department of Human Services’ Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable federal regulations and establishes allowable costs for child care certificate payments under the CCDF program. Specifically, Section 103.02 of this manual addresses co-payment fees and Section 104.04 addresses child care certificate rates. Therefore, eligible school-aged children should be issued certificates that state both full-time and part-time rates eligibility so that the provider can record the proper attendance each day (full-time when school is not in session or part-time when school is in session).

In performing allowable costs testwork related to certificate rates and co-pays during fiscal year 2015, we noted the following:

- Six instances out of 60, or 10 percent, in which a school-aged child was issued a child care certificate that provided for only full-time attendance rates and co-pays to be paid to a child care provider, resulting in payment of full-time rates and co-pays for part-time attendance. These six instances resulted in known questioned costs of \$3,440 out of total year-end school-aged certificate payments of \$18,013,581 and projected questioned costs of \$2,151,374.
- Three instances out of 60, or 5 percent, in which school-aged children were issued a child care certificate that provided both full-time and part-time attendance rates, but the provider recorded, and was paid, only full-time rates during months school was in session. These three instances resulted in

**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

known questioned costs of \$1,497 out of total year-end school-aged certificate payments of \$18,013,581 and projected questioned costs of \$936,136.

- Two instances out of 60 in which issued child care certificates authorized only 21/23 days attendance, but the provider recorded, and was paid for, 31 days attendance. These two instances resulted in known questioned costs of \$277 out of total year-end certificate payments of \$63,547,740 and projected questioned costs of \$261,644.
- One instance out of 60 in which the approved Child Care Payment Program provider information could not be verified due to the provider application and supporting documentation not being maintained by DECCD.
- One instance out of 60 in which the provider payment for the tested benefit month could not be verified in the Agency’s accounting records.

Failure of DECCD to properly provide for the payment of part-time rates on the certificates for school-aged children and to properly maintain supporting documentation for benefits issued can result in improper payments to child care providers, questioned costs and the possible recoupment of funds by the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Human Services’ Division of Early Childhood Care and Development ensure compliance with the allowable costs requirements of the Child Care and Development Block Grant by strengthening control procedures to ensure child care certificate rates and co-pays are assigned and providers paid in accordance with the requirements set forth in the *Code of Federal Regulations* and the *Mississippi Child Care Payment Program Policy Manual*.

NOTE: See Management’s Response and Corrective Action Plan on page 180.

HUMAN SERVICES

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

10.551
 10.561

Supplemental Nutrition Assistance Program
 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

**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

93.558	Temporary Assistance for Needy Families State Programs
93.568	Low-Income Home Energy Assistance Program
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care Development Fund
93.667	Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1301MSSOSR	2013
G1402MSTANF 2014	G1401MSSOSR	2014
G1502MSTANF 2015	G1501MSSOSR	2015
G1201MSCCDF 2012	G12B1MSLIEA	2012
G1301MSCCDF 2013	G13B1MSLIEA	2013
G1401MSCCDF 2014	G14B1MSLIEA	2014
G1501MSCCDF 2015	G14B1MSLIEA	2015

Questioned Costs: \$347,248

2015-012

Agency Should Ensure Compliance with Allowable Costs Requirements.

Finding:

The Code of Federal Regulations (45 CFR Part 95 and 2 CFR Part 200) requires that programs administered by the respective federal authority adhere to the cost principles of OMB Circular A-87. OMB Circular A-87, Attachment C requires the distribution of joint costs related to a grant program to be supported by a cost allocation plan (CAP). Further, 45 CFR Part 95.517 states that a State may claim costs based on a proposed plan, unless otherwise advised by the Division of Cost Allocation in the appropriate HHS Regional Office.

During testwork performed for the Division of Cost Allocation for allocated costs during fiscal year 2015, we noted that certain shared costs that should have been charged directly to cost centers/cost pools for further allocation were instead charged in error to “roll up” cost centers and did not flow through the cost allocation process.

The above instances of noncompliance resulted in known questioned costs of \$347,248.

Noncompliance with federal allowable costs requirements could potentially result in costs not being accumulated and allocated correctly and could result in questioned costs and recoupment of costs by the federal granting agency.

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 Department of Human Services strengthens its policies to ensure that joint indirect costs are charged to the proper cost centers so that they flow through the cost allocation process for proper assignment to the agency's federal programs.

NOTE: See Management's Response and Corrective Action Plan on page 191.

HUMAN SERVICES

ELIGIBILITY

Material Noncompliance

Material Weakness

93.558

Temporary Assistance for Needy Families
Federal Award Number and Year:
G1502MSTANF 2015 G1401MSCCDF 2014
Questioned Costs: \$5,215

2015-001

Controls Should Be Strengthened over the Compliance with Eligibility and Benefit Payment Requirements

Finding:

Per the *Code of Federal Regulations* (45 CFR Part 264.1), states have the option to extend assistance paid for by the Federal Temporary Assistance for Needy Families (TANF) program beyond the five year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, which-ever the state elects. States are permitted to extend assistance to families only on the basis of hardship or if the family includes someone who has been battered.

The Mississippi Department of Human Services has published *Volume III, TANF Policy Manual*, which establishes criteria for eligibility under the Temporary Assistance for Needy Families (TANF) program.

Chapter 3, Non-Financial Criteria, requires a MDHS-EA-312, Personal Responsibility Contract, be signed by each adult in the TANF assistance unit at

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

the time of application; all TANF children under the age of 18 must have proof of current immunizations according to the schedule recommended by the Department of Health; and a parent or other relative who accepts a TANF benefit for a child due to the continued absence of a parent must assign support rights to the State by cooperating with the Division of Child Support Enforcement.

Chapter 4, Income and Eligibility Verification System (IEVS), requires all appropriate actions for IEVS data to be resolved in 45 days of the date the Agency receives the data.

Chapter 7, Eligibility Determination Process, requires the TANF case worker to review the Wired Third Party Query (WTPQ) inquiries for each household member age 16 and above at application and redetermination for TANF benefits.

Chapter 10, TANF Work Program Payment Process, states that for a person to receive TANF transitional services, the appropriate application for TANF transitional services must be received within 30 days after the TANF case closes due to earned income; if applicable, requires completion of a TANF Child Care Application (MDHS-EA-379); and, if applicable, requires completion of a MDHS-EA-352 to verify number of classroom hours scheduled and attended. Additionally, if receiving a TANF Job Retention Bonus, applicants are required to complete a MDHS-EA-360. This chapter also requires participants of the TANF work component to meet specific participation hours to receive a TANF Work Transportation (J1) stipend and to verify employment and work hours every three months to receive Transitional TANF services. J1 stipends can be paid to TANF participants at the following levels: \$180 for working 20 to 25 hours a week, \$240 for working 26 to 31 hours a week, and \$300 for working 32 to 40 hours a week.

During testing of TANF benefits paid during the fiscal year 2015, we noted the following exceptions:

- Two out of 62 Basic TANF cases tested are not exempt from incrementing the 60 month counter; however, the counter is not incrementing.
- Two out of 26 Transitional Work Transportation Assistance cases tested did not have a signed Transitional Service Application on file.
- Three out of 62 Basic TANF cases tested did not have a signed Personal Responsibility Contract on file.
- Four out of 26 Transitional Work Transportation Assistance cases tested did not have a signed Transitional Service Child Care Services Application on file.

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

- Four out of 62 Basic TANF cases tested had an open alert in IEVS longer than 45 days from the date the case was opened.
- Five out of 62 Basic TANF cases tested were missing acceptable forms of documentation for one or more children.
- Five out of 22 Work Transportation Stipend cases tested did not have supporting documentation for hours worked to support benefit paid.
- Six out of 62 Basic TANF cases tested did not have verification of immunization for a child not attending school.
- Seven out of 26 Transitional Work Transportation cases tested received benefits but did not have supporting documentation for hours worked to support benefits paid.
- Thirteen out of 62 Basic TANF cases tested were not complying with Child Support Enforcement on a child for which benefits were being received.

In performing testwork on TANF benefits paid to participants during fiscal year 2015, we noted the following questioned costs:

- Thirty two out of 62 Basic TANF benefits tested, or 52%, resulted in \$2,695 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.
- Five out of 22 J1 stipends paid to participants tested, or 23%, resulted in \$720 of known questioned costs and \$607,187 of projected questioned costs.
- Seventeen out of 26 Work Transportation stipends tested, or 65%, paid to participants resulted in \$1,800 of known questioned costs and \$1,288,746 of projected questioned costs.

The results of our testwork described above indicates total projected questioned costs of \$1,895,933.

Failure to maintain supporting documentation for eligibility determination as well as not monitoring and reducing benefits to coincide with hours participated in TANF work component could result in questioned costs and recoupment of costs by the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Human Services ensure compliance with TANF Eligibility determination and benefit requirements by strengthening control procedures to ensure all supporting documentation is

**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

reviewed and maintained and benefits are paid in accordance with the *Volume III, TANF Policy Manual*.

NOTE: See Management’s Response and Corrective Action Plan on page 178.

HUMAN SERVICES

ELIGIBILITY

*Material Noncompliance
 Material Weakness*

93.575
 93.596

Child Care and Development Block Grant
 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

G1401MSCCDF 2014 G1501MSCCDF 2015

Questioned Costs: \$7,201

2015-002

Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster
Finding:

The *Code of Federal Regulations* (45 CFR Part 98.20) sets forth the eligibility requirements for a child to receive child care services. The *Code of Federal Regulations* (45 CFR Part 98.50) further states how the Child Care and Development Block Grant (CCDF) funds should be expended for issuance of child care certificates. The Mississippi Department of Human Services’ Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable federal regulations and establishes eligibility criteria to receive child care certificate payments under the CCDF program. Specifically, Chapter 1 of this manual addresses family and child eligibility requirements, including the requirement that an eligible child be less than 13 years of age, or 18 if the eligible child has special needs. This policy manual also provides for periodic re-determination of continuing eligibility.

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

In performing testwork on 60 child care certificate payments related to a child's eligibility for a child care certificate based on child care provider payments made during fiscal year 2015, we noted the following weaknesses:

- 29 instances, or 48 percent, in which the child's eligibility for the child care certificate could not be verified due to the child care certificate application and supporting documentation not being maintained by DECCD. This resulted in known questioned costs of \$6,863. It was not feasible to project questioned costs associated with this exception due to insufficient information and the lack of child care applications and supporting documents.
- 16 instances, or 27 percent, in which the certificates were identified as being based on the initial determination of the child's eligibility for the child care certificate as a referral from the Division of Field Operations due to the parent/caretaker receiving basic TANF benefits or transitional TANF benefits, which is the first priority level for a child care certificate. However, based on auditor's review of the TANF case in MAVERICS and/or transitional TANF case in JAWS, the auditor determined that the parent/caretaker was no longer receiving any type of TANF benefits as of the child care certificate benefit date selected for testing, and; therefore should not have been continuing to receive the child care certificate benefit at the TANF priority level. It was not feasible to determine or project questioned costs associated with this exception due to the possibility that the parent/caretaker may still be eligible to receive child care assistance at a different priority level based on reapplying.
- 26 instances, or 43 percent, in which there were improper copay amounts based on the priority level and number of children in the family with an active child care certificate. This resulted in known questioned costs of \$338 and projected questioned costs of \$321,849.
- Seven instances, or 15 percent, in which provided social security numbers could not be verified due to supporting documentation not being maintained by DECCD.

Failure of DECCD to perform re-determination of a child's eligibility to ensure a child care certificate is properly issued could result improper payments to a child care provider representing questioned costs, and the possible recoupment of funds by the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Human Services' Division of Early Childhood Care and Development ensure compliance with the eligibility

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

costs requirements of the Child Care and Development Block Grant by strengthening control procedures to ensure child care certificate rates and copays are assigned in accordance with the requirements set forth in the *Code of Federal Regulations* and the *Mississippi Child Care Payment Program Policy Manual*.

NOTE: See Management’s Response and Corrective Action Plan on page 179.

HUMAN SERVICES

MATCHING, LEVEL OF EFFORT, EARMARKING

***Immaterial Noncompliance
Significant Deficiency***

93.558

Temporary Assistance for Needy Families State Programs

Federal Award Number and Year:

G1502MSTANF 2015

Questioned Costs: \$6,210

2015-007

Controls Should Be Strengthened over 20 Percent Exemption and Five Year
Time Limit

Finding:

Per the *Code of Federal Regulations* (45 CFR Part 264.1), states have the option to extend assistance paid for by the Federal Temporary Assistance for Needy Families (TANF) program beyond the five year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, which-ever the state elects. States are permitted to extend assistance to families only on the basis of hardship or if the family includes someone who has been battered.

The Mississippi Department of Human Services (MDHS) has published a *Volume III, TANF Policy Manual*, which establishes internal control procedures to be used in the administration of TANF benefits. Specifically, Chapter 3 of the *Volume III, TANF Policy Manual* includes procedures for ensuring compliance with applicable time limits and extension criteria. The “Statewide TANF 20

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

Percent Exemption Summary Report” (TA120B) identifies the number of cases over 60 months receiving benefits. The TA120B is distributed to county and regional offices monthly and should be used to monitor compliance with the 20 percent maximum earmark. Additionally, a “TANF High Counter Report” is generated monthly and details each case over 60 months receiving benefits. The “TANF High Counter Report” should be reviewed by county/regional personnel to ensure time limits are not exceeded for cases approaching the 60 month time limit unless a proper exemption is granted.

During testwork related to the 20 percent maximum earmark, we reviewed both monthly reports and noted the following:

- No documented review exists of the “Statewide TANF 20 Percent Exemption Summary Report” (TA120C/TA120B Report).
- No documented review exists of the “TANF High Counter Report” (JC250A Report).
- Of 10 cases examined, four cases received a benefit after the 60 month counter was exhausted and did not meet the criteria for an exemption per policy Volume III Chapter 3.

Failure to monitor the “Statewide TANF 20 Percent Exemption Summary Report” could result in the State exceeding the percent of allowed exemptions for TANF assistance. However, our testwork did not reveal evidence of the 20 percent maximum earmark being exceeded at any point during fiscal year 2015.

Failure to sufficiently monitor the “TANF High Counter Report” and perform appropriate actions for recipients approaching or exhausting the five-year time limit resulted in benefit payments of \$6,210 to ineligible participants during fiscal year 2015.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen control procedures to include a documented review of the monthly “Statewide TANF 20 Percent Exemption Summary Report” and “TANF High Counter Report.” Further, we recommend the central office implement procedures to confirm county/regional personnel have performed the required reviews of their respective reports and take appropriate action to either terminate benefits or grant permissible exemptions for cases exhausting the five year limit for benefits.

NOTE: See Management’s Response and Corrective Action Plan on page 186.

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

HUMAN SERVICES

MATCHING, LEVEL OF EFFORT, EARMARKING

Immaterial Noncompliance

93.575

Child Care and Development Block Grant

93.596

Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

G1202MSCCDF 2012

Questioned Costs: \$99,295

2015-011

Agency Should Ensure Compliance with Earmarking and Minimum Targeted Funds Provisions and Requirements

Finding:

The terms and conditions of the 2012 federal grant agreement between the Mississippi Department of Human Services (MDHS) and the Department of Health and Human Services - Administration for Children and Families Division (ACF) include provisions of the 2012 Omnibus Appropriations Bill (Public Law. 111-8) which targeted specific amounts for the following activities related to the Child Care and Development Block Grant (CCDF):

- Child Care Quality Improvements
- Infant and Toddler Quality Improvement
- Child Care Resource and Referral and School Aged Child Care Activities

ACF posts on its website the CCDF allocation tables with the minimum amount of funds each state must expend in targeted areas. The minimum expenditures are determined by ACF based on various statistics and population data received by ACF from each state.

During our testing of MDHS's final ACF-696 financial report for federal grant year 2012, we noted the minimum expenditure requirements for Mississippi, as established by ACF, were not met as follows for CCDF Discretionary awards.

- Expenditures were \$3,582 below the minimum requirement of \$1,603,828

**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

for the Infant and Toddler Quality Improvements earmark on 2012 CCDF Discretionary funds.

- Expenditures were \$95,713 below the minimum requirement of \$2,769,344 for the Child Care Quality Improvements earmark on 2012 CCDF Discretionary funds.

Failure to monitor earmarks for minimum compliance throughout the financial reporting period could result in questioned costs and recoupment of costs by the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Human Services ensure minimum targeted funds are obligated and expended to meet the Child Care and Development Block Grant (CCDF) earmarking requirements.

NOTE: See Management’s Response and Corrective Action Plan on page 190.

HUMAN SERVICES

REPORTING

Material Weakness

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

12-35-2841– B13	2013	G1402MSTANF	2014
12-35-2841 – B14	2014	G1502MSTANF	2015
12-35-2841– B15	2015	G1201MSCCDF	2012
2013IS750345	2013	G1301MSCCDF	2013
2014IS750345	2014	G1401MSCCDF	2014
2015IS750345	2015	G1501MSCCDF	2015

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

Questioned Costs: None

2015-004

Controls Should Be Strengthened over the Submission of Required Federal Reports

Finding:

The *Code of Federal Regulations* (45 CFR Part 265.3) requires a “TANF Data Report” (ACF-199) for the Temporary Assistance to Needy Families (TANF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.

During testwork performed for the reporting requirements of the TANF program during fiscal year 2015, we noted the following exceptions:

- Sections two, three and four of the December 31, 2014 quarterly reports were not submitted within 45 days after the end of the reporting period. Reports averaged 7 days late.
- Sections one, two, and four of the June 30, 2015 quarterly reports were not submitted within 45 days after the end of the reporting period. Reports averaged 49 days late.

The *Code of Federal Regulations* (45 CFR Part 265.6) requires a “Quarterly Financial Status Report” (ACF-196) for the TANF program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.

During testwork performed for the program specific reporting requirements of the TANF program during fiscal year 2015, we noted five out of seven reports submitted were not submitted within 45 days after the end of the reporting period. Reports averaged 14 days late.

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

The *Code of Federal Regulations* (45 CFR Part 98.70) requires a “Quarterly Financial Status Report” (ACF-696) for the Child Care and Development Fund (CCDF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.

During testwork performed for the program specific reporting requirements of the CCDF program during fiscal year 2015, we noted 12 out of 12 reports submitted were not submitted within 30 days after the end of the reporting period. Reports averaged 14 days late.

The *Code of Federal Regulations* (45 CFR Part 75.341) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of federal awards. The Federal Financial Report (FFR) is required to be completed and submitted in accordance with instructions provided by the Administration for Children and Families, and must be submitted quarterly, semiannually or annually, based on instructions from the ACF and awarding agency. Those instructions require States to submit quarterly and semi-annual reports no later than 30 days after the end of each reporting period and annual reports no later than 90 days after the end of each reporting period or grant period end date.

During testwork performed for reporting requirements of the TANF, CCDF, and Supplemental Nutrition Assistance Program (SNAP) programs during fiscal year 2015, we noted the following exceptions:

- Two of the two reports tested for the quarterly TANF FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 21 days late.
- Two of the two reports tested for the quarterly CCDF FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 21 days late.
- Four of the six reports tested for the quarterly SNAP FFR-425 reports were not submitted within 30 days after the end of the reporting period. Reports averaged 14 days late.

Good internal controls over reporting should include a timely and independent review of information reported. Failure to timely review and submit reports

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

could result in reporting penalties and could impact ACF's funding determinations.

Recommendation:

We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

NOTE: See Management's Response and Corrective Action Plan on page 182.

HUMAN SERVICES

REPORTING

Immaterial Noncompliance
Material Weakness

93.568

Low Income Home Energy Assistance Program

Federal Award Number and Year:

G13B1MSLIEA – 2013

G14B1MSLIEA – 2014

G15B1MSLIEA – 2015

Questioned Costs: None

2015-006

Controls Should Be Strengthened over the Submission of Required Federal Reporting Elements and Reports.

Finding:

The *Code of Federal Regulations* (45 CFR Part 75.341) grants the Health and Human Services awarding agency authority to require financial reporting for effective monitoring of federal awards. The Federal Financial Report (FFR) is required to be completed and submitted in accordance with instructions provided by the Administration for Children and Families, and must be submitted quarterly, semiannually or annually, based on instructions from the ACF and awarding agency. Those instructions require States to submit quarterly and semi-annual reports no later than 30 days after the end of each reporting period and

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

annual reports no later than 90 days after the end of each reporting period or grant period end date.

Additionally, the *Office of Management and Budget Circular A-133* compliance supplement requires submitted reports agree to the reporting entity's accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.

During testwork performed for reporting requirements for LIHEAP for fiscal year 2015, we noted the following exceptions:

- One instance in which the amount reported on the FFR-425 for Line F "Federal Share of Unliquidated Obligations" does not agree to the amount on the supporting accounting records. The amount reported on the FFR-425 listed the balance of Unliquidated Obligations as \$17,099,467; however, the supporting accounting records listed the amount as \$12,701,200.
- One instance in which the amount reported on the FFR-425 for Line H "Unobligated Balance of Federal Funds" does not agree to the amount on the supporting account records. The amount reported on the FFR-425 listed the balance of Unobligated Obligations as \$0; however, the supporting accounting records listed the amount as \$4,398,267.
- The FFR-425 report required to be submitted for the Final reporting period of the 13B1MSLIEA federal grant was not submitted.
- \$117,345 of expenditures allocated to the LIHEAP program during the Cost Allocation Process were not reported as expenditures on the FFR-425.

Good internal controls over reporting should include an independent review of information reported. Failure to review for anomalies in the data and timely filing of reports could impact ACF's funding determinations.

Recommendation:

We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

NOTE: See Management's Response and Corrective Action Plan on page 184.

**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

HUMAN SERVICES

REPORTING

Immaterial Noncompliance

93.558 Temporary Assistance for Needy Families State Programs
 93.568 Low-Income Home Energy Assistance Program

Federal Award Number and Year:

1402MSTANF (2014)	G14B1MSLIEA (2014)
1502MSTANF (2015)	G15B1MSLIEA (2015)

Questioned Costs: None

2015-010

Agency Should Accurately Report the Status of Prior Year Findings
Finding:

The *Code of Federal Regulations* (2 CFR Part 200.511) tasks auditees with the responsibility for follow-up and corrective action on all audit findings. As a part of this responsibility, auditees are required to report the status of all audit findings included in the prior audit’s schedule of findings and questioned costs. Auditees may either note that the finding has been 1)fully corrected, 2)partially corrected, or 3)not corrected. Additionally, the *Code of Federal Regulations* (2 CFR Part 200.516) requires that the auditee prepared “Summary Schedule of Prior Year Findings” must not materially misrepresent the status of any prior year audit finding.

During testwork performed for the Mississippi Department of Human Services for fiscal year 2015, we noted that the Summary Schedule of Prior Year Findings provided by the agency reported that the status of prior year reporting findings related to the Federal Funding Accountability and Transparency Act (FFATA) was “FULLY CORRECTED” for the Temporary Assistance for Needy Families (TANF) State Programs and the Low-Income Home Energy Assistance Programs (LIHEAP). However, upon verification of this status, we noted the following.

- Of the six LIHEAP awards tested that met the FFATA reporting requirements, 100 percent of the subawards were not reported in the FSRS system by the last day of the month following the obligation date.
- Of the six LIHEAP awards tested that met the FFATA reporting requirements, 100 percent of the subaward amounts were incorrectly reported in the FSRS

**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

system.

- Of the 12 TANF awards tested that met the FFATA reporting requirements, eight of the subawards subaward amounts were incorrectly reported in the FSRs system.
- Of the 12 TANF awards tested that met the FFATA reporting requirements, four of the subawards were not reported in the FSRs system by the last day of the month following the obligation date.

The Division of Field Operations has not established internal control policies or procedures nor is a supervisory review performed of the subrecipient contract information that is reported to verify the data is reported accurately or timely.

Noncompliance with federal requirements could result in reduced funding for applicable programs

Recommendation:

We recommend that the Mississippi Department of Human Services ensure compliance with reporting requirements by accurately reflecting the status and corrective action of prior year findings.

NOTE: See Management’s Response and Corrective Action Plan on page 189.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Material Weakness

10.551	Supplemental Nutrition Assistance Program
10.561	State Administration Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

Federal Award Number and Year:

12-35-2841 – B14	2014	G1402MSTANF	2014
12-35-2841– B15	2015	2014IS750345	2014
G1201MSSOSR	2012	G1401MSSOSR	2014

Questioned Costs: None

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

2015-005

Controls Should Be Strengthened over On-Site Monitoring

Finding:

The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the Code of Federal Regulations (45 CFR Part 92). The Code of Federal Regulations (45 CFR Part 92.40) designates MDHS for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and to ensure performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

We evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity – Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

During testwork performed on subrecipient on-site monitoring for 32 subgrant contracts during state fiscal year 2015, we noted the following weaknesses:

- Eight contracts tested, or 25 percent, were not monitored within the contract period as required by Program Integrity's Division of Monitoring procedures. Contracts were monitored between 58 and 180 working days later, with an average of 108 working days after the contract end date.
- Eight contracts, or 25 percent, were noted where Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued:
 - Corrective Actions were received between 17 and 26 days from the IMR, with an average of 18 days passing between the IMR and subgrantee's response.
 -

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

- Two contracts never received a Corrective Actions response; however, demand letters were sent and an Administrative Hearing was requested.
- Nine contracts, or 28 percent were noted in which the Initial Monitoring Report was not issued within 60 days of the exit conference:
 - IMR's were issued between 66 and 155 days late, with an average of 105 working days after the exit conference took place.
- Three contracts, or nine percent, in which the Fact Finding Sheet showed no evidence of the Subgrantee's signature.
- Four contracts, or 13 percent, in which Question Costs had not been completely resolved as of the date of testwork.
- During our verification of the completeness of the sample population of 115, we noted three contracts that were listed on the GM18 report and had expenditures in FY2014 were not included on the SFY2014 Subgrant Monitoring Tracking document. Of the three contracts, two contracts were not subjected to on-site monitoring within the contract period. These two contracts total \$1,146,490 out of \$62,957,259 (1.8%) in the population.

MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

Recommendation:

We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen its existing internal controls over on-site monitoring to ensure all active subgrantee contracts are timely monitored during-the-award in accordance with OM policies and procedures. We also recommend that the agency ensure that the Report of Findings & Recommendations prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.

NOTE: See Management's Response and Corrective Action Plan on page 183.

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

HUMAN SERVICES

SUBRECIPIENT MONITORING

Significant Deficiency

10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.568	Low-Income Home Energy Assistance Program
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care Development Fund
93.667	Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1201MSSOSR	2011
G1102MSTANF	2011	G1301MSSOSR 2012
G1202MSTANF	2012	G1301MSSOSR 2013
G1302MSTANF	2013	G11B1MSLIEA 2011
G1001MSCCDF	2010	G12B1MSLIEA 2012
G1101MSCCDF	2011	G13B1MSLIEA 2013
G1201MSCCDF	2012	
G1301MSCCDF	2013	

Questioned Costs: None

2015-009

Controls Should Be Strengthened over Subrecipient Monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG and LIHEAP Programs and for the CCDF Cluster

Finding:

The Office of Management and Budget (OMB) Circular A-133 states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$500,000 or more in Federal awards during their fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued

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

inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity – Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2013. During our review, we noted the following problems.

- Of 23 subgrantees tested, we noted seven instances in which the OMB A-133 audit reports/SAIF forms for the subgrantee were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In each instance where an audit was received, we noted that the OMB A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent an initial letter and a reminder letter to each subgrantee regarding their OMB A-133 audit report requirements. Subgrantee audit reports were received on average 98 days after the nine month deadline.
- Of seven subgrantees tested on Attachment B of the Status Report, we noted seven instances in which the OMB A-133 audits or Subgrantee Audit Information Forms (SAIF) for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In four of the seven instances in which an audit was received, we noted that the OMB A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent an initial letter, a reminder letter, and a demand letter to each subgrantee regarding their OMB A-133 audit report requirements, but no additional follow-up to obtain the OMB A-133 audit/SAIF was made by Office of Monitoring prior to the auditor’s request. Subgrantee audit reports were received on average 405 days after the nine month deadline.
- During testing of completeness, we noted seventeen instances in which subrecipients were not included on the FY2013 tracking report utilized by Office of Monitoring but had expenditures in FY2013 and should have been included for tracking purposes.

Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

Recommendation:

We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring for OMB A-133 audits to ensure recipients expending

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

\$500,000 or more in Federal funds during their fiscal year are appropriately monitored and an OMB A-133 audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee's audit report contains findings. We further recommend that OM should ensure all subrecipients are included on the tracking report and continue to follow-up to obtain an OMB A-133 audit or Subgrantee Audit Information Form after the demand letter is issued.

NOTE: See Management's Response and Corrective Action Plan on page 188.

HUMAN SERVICES

SPECIAL TESTS AND PROVISIONS

*Immaterial Noncompliance
Significant Deficiency*

93.558

Temporary Assistance for Needy Families State Programs

Federal Award Number and Year:

G1502MSTANF 2015

Questioned Costs: \$3,705

2015-008

Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program
Finding:

The *Code of Federal Regulations* (45 CFR Part 261.10) states a parent or caretaker receiving assistance as part of the Temporary Assistance for Needy Families (TANF) program must engage in work activities when the State has determined an individual is ready to engage in work or when he or she has received assistance for a total of 24 months, whichever is earlier.

Volume III, TANF Policy Manual, published by the Mississippi Department of Human Services (MDHS), establishes requirements for satisfactory participation in the TANF work program. Specifically, Chapter 9 of the *Volume III, TANF Policy Manual* requires all adult TANF recipients who are determined work-eligible to participate in the TANF work program in order to continue receiving benefits. State law limits the receipt of TANF benefits to a maximum of 24

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

months for work-eligible adults who fail to participate without good cause in allowable TANF work program activities.

Discussions with agency personnel in the Division of Field Operations indicate there is currently no policy requiring review of the “TANF High Counter Report”, which tracks the months a TANF recipient has not participated in a TANF work activity. Review of the report at the county/regional offices and in the central office would have allowed prevention/detection of the errors by MDHS personnel.

Due to the lack of controls being in place, auditors substantively tested a sample of the transactions to verify that benefits were not paid in error and noted six out of 15 cases tested that continued to receive benefits after exceeding the 24 month counter.

In performing testwork on TANF benefits paid to participants during fiscal year 2015, we noted six out of 15 benefits tested, or 40 percent, continued to receive benefits after exceeding the 24 month counter, which resulted in \$3,705 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.

Failure to properly reduce or terminate benefits could result in questioned costs and recoupment of costs by the federal granting agency. Additionally, per the *Code of Federal Regulations* (45 CFR Part 261.14 and 261.54), if MDHS does not properly reduce or terminate benefits, the Department of Health and Human Services may penalize MDHS by reducing grant assistance between one and five percent.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen control procedures over work-eligible recipients who are not participating in work activities. Control procedures should include a documented review of the monthly “TANF High Counter Report”. Further, we recommend the central office implement procedures to confirm county/regional personnel have reviewed their respective reports and taken appropriate action to either terminate/reduce benefits or grant permissible exemptions for cases exhausting the 24 month maximum for non-participation in a work program.

NOTE: See Management’s Response and Corrective Action Plan on page 187.

**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

MEDICAID

REPORTING

Significant Deficiency

Immaterial Noncompliance

93.767	State Children’s Insurance Program
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program

Federal Award Number and Year:	1505MS1081	10/1/14 - 9/30/16
	1405MS5001	10/1/13 - 9/30/14
	1505MS5001	10/1/14 - 9/30/15
	1405MS5021	6/30/14-10/31/15
	1505MS5021	10/1/14 - 9/30/16
	1405MS5MAP	10/1/13 - 9/30/14
	1505MS5MAP	10/1/14 - 9/30/15

Questioned Costs: None

2015-034	<u>Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements</u>
----------	--

Finding:

The CMS-21, Quarterly Children’s Health Insurance Program Statement of Expenditures for Title XXI (OMB No. 0938-0731) is required to be prepared quarterly, and submitted electronically to CMS within 30 days after the end of the quarter. The CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program (OMB No. 0938-0067) is required to be used in lieu of the SF-425, Federal Financial Report, prepared quarterly, and submitted electronically to CMS within 30 days after the end of the quarter.

During our testing, we noted two instances where the CMS-21, Quarterly Children’s Health Insurance Program Statement of Expenditures for Title XXI and the CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program were not submitted electronically to CMS within 30 days after the end of the quarter. Failure to fully comply with the requirements outlined could result in action by CMS.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Part 3 – Federal Award Findings and Questioned Costs (concluded)**

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

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

Internal control policies and procedures should be adopted and followed to ensure that all CMS-21, Quarterly Children’s Health Insurance Program Statement of Expenditures for Title XXI and all CMS-64, Quarterly Statement of Expenditures, for the Medical Assistance Program are submitted electronically to CMS within 30 days after the end of the quarter.

NOTE: See Management’s Response and Corrective Action Plan on page 211.

(This page left blank intentionally.)

II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



(This page left blank intentionally.)

STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

(This page left blank intentionally.)

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

INDEX LISTED BY FINDING NUMBER

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
2013-008 *a	Health	147
2013-011 *b	Human Services	149
2013-012	Human Services	149
2013-014	Human Services	150
2014-005 *c	Medicaid	155
2014-006	Education	145
2014-007	Education	145
2014-008	Education	145
2014-009 *d	Human Services	150
2014-010 *e	Human Services	150
2014-011 *f	Human Services	151
2014-012 *g	Human Services	151
2014-013 *g	Human Services	151
2014-014 *h	Human Services	152
2014-015 *i	Human Services	152
2014-016 *h	Human Services	152
2014-017 *j	Human Services	152
2014-018	Human Services	153
2014-019	Health	147
2014-020	Health	147
2014-021	Health	147

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

INDEX LISTED BY FINDING NUMBER (continued)

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
2014-022	Health	148
2014-023 *a	Health	148

*a The agency indicates the finding is partially corrected; finding 2015-025 was written to report current year problems noted.

*b The agency indicates the finding is partially corrected; finding 2015-002 was written to report current year problems noted.

*c The agency indicates the finding is partially corrected; finding 2015-034 was written to report current year problems noted.

*d the agency indicates the finding is fully corrected; finding 2015-003 was written to report current year problems noted.

*e The agency indicates the finding is fully corrected; finding 2015-002 was written to report current year problems noted.

*f The agency indicates the finding is fully corrected; finding 2015-001 was written to report current year problems noted.

*g The agency indicates the finding is partially corrected; finding 2015-010 was written to report current year problems noted.

*h The agency indicates the finding is fully corrected; finding 2015-005 was written to report current year problems noted.

*i The agency indicates the finding is fully corrected; finding 2015-009 was written to report current year problems noted.

*j The agency indicates the finding is fully corrected; finding 2015-008 was written to report current year problems noted.

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

INDEX LISTED BY STATE GRANTEE AGENCY

<u>STATE GRANTEE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
Education	2014-006	145
Education	2014-007	145
Education	2014-008	145
Health	2013-008	147
Health	2014-019	147
Health	2014-020	147
Health	2014-021	147
Health	2014-022	148
Health	2014-023	148
Human Services	2013-011	149
Human Services	2013-012	149
Human Services	2013-014	150
Human Services	2014-009	150
Human Services	2014-010	150
Human Services	2014-011	151
Human Services	2014-012	151
Human Services	2014-013	151
Human Services	2014-014	152
Human Services	2014-015	152
Human Services	2014-016	152
Human Services	2014-017	152

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

INDEX LISTED BY STATE GRANTEE AGENCY (continued)

<u>STATE GRANTEE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
Human Services	2014-018	153
Medicaid	2014-005	155

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2015

2014-006 Controls Should be Strengthened in the Office of Child Nutrition over Federal Funding Accountability and Transparency Act (FFATA) Reporting to Ensure Compliance with Federal Reporting Requirements

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

NOT CORRECTED

The MS Department of Education Office of Child Nutrition has contracted with an individual to manage this process. We will work to ensure that FFATA reports are filed in accordance with federal reporting requirements. To ensure compliance, the contractor, as well as employees will be properly trained to ensure timely submission of these reports.

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

CFDA # 10.559	Summer Food Service Program for Children (SFSP)
---------------	---

FULLY CORRECTED

The Office of Child Nutrition has implemented second party checks to ensure all subrecipients are monitored. This will transition to an automated process with the software that is currently being implemented.

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

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

PARTIALLY CORRECTED

The Office of Child Nutrition, in coordination with the Office of Technology and Strategic Services, has implemented change control procedures and documentation. Updates have been made to the software system to prevent future errors. The system is currently being replaced with a newer system that includes improved reporting and stringent internal controls. The finding will be fully corrected upon full implementation of the new system, estimated to be completed by September 30, 2016.

Signed: 

Todd Ivey, Chief Operations Officer

Date: 3/11/16



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2015

2013-008 Controls Should Be Strengthened over the Allowable Costs/Cost Principles for the Time Study System

- 10.557 Special Supplemental Nutrition Program for Women, Infants and Children
- 93.069 Public Health Emergency Preparedness
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
- 93.889 National Bioterrorism Hospital Preparedness Program

PARTIALLY CORRECTED

Time Study Reconciliations were properly prepared in FY 2015 for the above referenced programs. See information below under finding 2014-023 regarding the status of other items in the prior year finding.

2014-019 Controls Should Be Strengthened over the Preparation and Review of the Quarterly *Federal Financial Report* for the Immunization Cooperative Agreements

- 93.268 Immunization Cooperative Agreements

FULLY CORRECTED

2014-020 Controls Should Be Strengthened over the Identification and Reporting of Program Income for the Immunization Cooperative Agreements

- 93.268 Immunization Cooperative Agreements

FULLY CORRECTED

2014-021 Subawards Should Be Timely and Accurately Reported in Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements for the WIC and PHEP/HPP [Immunization] Programs

- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

PARTIALLY CORRECTED

Procedures were put in place during FY 2015 to resolve the issue regarding the date of obligation. However, due to the timing of the issue being brought to the attention of staff by the State Auditor's Office, the subawards in FY 2015 were not reflected on FSRS.gov with the correct obligation date. Staff in the WIC program have indicated subgrants related to the current federal grant year (October 2015) were properly entered on FSRS.gov. In addition staff in the HPP/PHEP program are still revising current procedures to ensure subgrants are properly reported.

2014-022 Controls Should Be Strengthened over the Preparation and Review of the GAAP Reporting Package and the Schedule of Expenditures of Federal Activity

- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
- 93.268 Immunization Cooperative Agreements
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

FULLY CORRECTED

2014-023 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System

- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
- 93.268 Immunization Cooperative Agreements
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

PARTIALLY CORRECTED

Time study reconciliations in FY 2015 were properly prepared and reviewed. Issues related to data entry will be corrected with the implementation of the activities function in KRONOS. An implementation date for this portion of KRONOS has not been determined. The requirements for the time study schedule weeks has been reviewed and the proposed schedule for the next fiscal year will be reviewed by the auditors prior to being published for use. Monthly error reports are being signed and dated as evidence of the review. In regards to the relative value table, the corrected information was submitted to the time study staff for entry into the system.

Signed: 
Mitch Adcock, CPA
Chief Administrative Officer

Date: 2/11/2016



STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
John Davis
Executive Director

February 16, 2016

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

Dear Mr. Pickering:

The following are our responses and corrective action plans to the prior year audit for the year ended June 30, 2015:

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2015

2013-011 Controls Should Be Strengthened to Ensure Compliance with Eligibility Requirements

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

FULLY CORRECTED

2013-012 Controls Should Be Strengthened over Compliance with Federal Funding Accountability and Transparency Act (FFATA) Requirements

93.667 Social Services Block Grant

NOT CORRECTED (Re: SSBG)

Corrective Action: On April 14, 2015, following the Entrance Conference for the 2015 audit, there was a scheduled meeting to take place with the OSP Director, MS State Auditor's Staff, Director, Division of Aging and Adult Services and Deputy Administrator for Administration to discuss the responsibility of FFATA reporting. Unfortunately, the meeting was postponed to a later date. The meeting did not take place at a later date. The OSP Director will coordinate the meeting that did not take place with MS State Auditor's staff, Director, Division of Aging and Adult Services and Deputy Administrator for Administration.

2013-014 Controls Should Be Strengthened over Reporting of Subawards for Federal Funding Accountability and Transparency Act (FFATA) Requirement

93.558 Temporary Assistance for Needy Families (TANF) State Programs
93.575 Child Care and Development Block Grant (CCDF)
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)

FULLY CORRECTED (CCDF)

FULLY CORECTED (TANF)

2014-009 Controls Should Be Strengthened to Ensure Compliance with Allowable Costs Requirements of the CCDF Cluster

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

FULLY CORRECTED

2014-010 Controls Should Be Strengthened to Ensure Compliance with Eligibility Requirements of the CCDF Cluster

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

FULLY CORRECTED

2014-011 Controls Should Be Strengthened over Compliance with Eligibility and Benefit Payment Requirements of the TANF Program

93.558 Temporary Assistance for Needy Families (TANF) State Programs

FULLY CORRECTED

2014-012 Controls Should Be Strengthened over Compliance with Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements for the SSBG and LIHEAP Programs

93.568 Low-income Home Energy Assistance Program (LIHEAP)

93.667 Social Services Block Grant (SSBG)

FULLY CORRECTED (Re: LIHEAP)

NOT CORRECTED (Re: SSBG)

Corrective Action: On April 14, 2015, following the Entrance Conference for the 2015 audit, there was a scheduled meeting to take place with the OSP Director, MS State Auditor's Staff, Director, Division of Aging and Adult Services and Deputy Administrator for Administration to discuss the responsibility of FFATA reporting. Unfortunately, the meeting was postponed to a later date. The meeting did not take place at a later date. The OSP Director will coordinate the meeting that did not take place with MS State Auditor's staff, Director, Division of Aging and Adult Services and Deputy Administrator for Administration.

2014-013 Controls Should Be Strengthened over Reporting of Subawards for Federal Funding Accountability and Transparency Act (FFATA) Requirements for the TANF Program and CCDF Cluster

93.558 Temporary Assistance for Needy Families (TANF) State Programs

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

FULLY CORRECTED (TANF)

PARTIALLY CORRECTED (CCDF):

Corrective Action: Corrective actions were employed and occurred with the exception of those periods when the fiscal director position was vacant. The plan is to have the fiscal officer position filled and to have the fiscal staff monitor FFATA compliance and consult with the DECCD Director Quarterly.

- 2014-014 Controls Should Be Strengthened to Ensure Compliance with Allowable Costs Requirements of the SNAP, TANF and Child Support Enforcement Programs
- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558 Temporary Assistance for Needy Families (TANF) State Programs
93.563 Child Support Enforcement
- FULLY CORRECTED
- 2014-015 Controls Should Be Strengthened over On-Site Monitoring for the SSBG and LIHEAP Programs
- 93.568 Low-Income Home Energy Assistance Program
93.667 Social Services Block Grant
- FULLY CORRECTED
- 2014-016 Controls Should Be Strengthened over Subrecipient Monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG and LIHEAP Programs and for the CCDF Cluster
- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558 Temporary Assistance for Needy Families (TANF) State Programs
93.568 Low-Income Home Energy Assistance Program
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care Development Fund
93.667 Social Services Block Grant
- FULLY CORRECTED
- 2014-017 Controls Should Be Strengthened over On-Site Monitoring for the TANF Program
- 93.558 Temporary Assistance for Needy Families (TANF) State Programs
- FULLY CORRECTED

2014-018 Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program of the TANF Program

93.558 Temporary Assistance for Needy Families (TANF) State Programs

FULLY CORRECTED

Signed:  _____
John Davis, Executive Director

Date: 02/24/16

(This page left blank intentionally.)



MISSISSIPPI DIVISION OF
MEDICAID

Attachment A

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2015

- 1) 2014-005 Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements
- 2) 93.778 Medical Assistance Program
- 3) Partially Corrected
- 4) We strengthened controls to ensure compliance with reporting requirements after receiving notice of the audit finding. As a result, these controls were not completely implemented until the third quarter of FY15.

Signed:


David J. Dzielak
Executive Director

Date:

2/23/16

Attachment B

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2015

2014-005 Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

CFDA # 93.778 Medical Assistance Program

PARTIALLY CORRECTED

We strengthened controls to ensure compliance with reporting requirements after receiving notice of this FY14 audit finding. Therefore, these controls were not completely implemented until the third quarter of FY15.

Signed:



David J. Dzielak
Executive Director

Date:

2/23/14

Attachment C

Medicaid

2014-005 Controls Should Be Strengthened to Ensure Compliance with Reporting Requirements

93.778 Medical Assistance Program

(This page left blank intentionally.)

III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



(This page left blank intentionally.)

STATE OF MISSISSIPPI

**MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED JUNE 30, 2015
Instructions to Management**

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.

(This page left blank intentionally.)



STATE OF MISSISSIPPI
DEPARTMENT OF CORRECTIONS
MARSHALL FISHER
COMMISSIONER

COMPLIANCE REVIEW FINDINGS

April 11, 2016

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Corrections 2015 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding: 2015-020	<u>Agency Should Ensure Compliance with Provisions of Laws, Regulations and Contracts</u>
Response:	The agency concurs with this finding.
Corrective Action:	The Mississippi Department of Corrections (MDOC) has rebid substantially all contracts mentioned in the Governor's directive. MDOC has engaged a CPA firm to assist in developing an internal control plan for MDOC, which will include processes and procedures related to all procurements.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Rick McCarty at (601) 359-5682.

Sincerely,

Marshall Fisher
Corrections Commissioner
State of Mississippi

(This page left blank intentionally.)



MISSISSIPPI DEPARTMENT OF EDUCATION

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

March 28, 2016

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

Dear Mr. Pickering:

In accordance with your correspondence dated March 9, 2016, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit findings for the fiscal year ending June 30, 2015.

2015-021 GAAP Packet Review Should be Comprehensive and GAAP Packets Should be Completed in a Timely Manner

Response: The Mississippi Department of Education (MDE) does acknowledge that Fund 532010000 was not submitted until December 16, 2015, and that based on the timeline provided by the Mississippi Department of Finance and Administration (DFA) was considered late. However, we would like to point out that the delay in submitting the GAAP package was directly related to the mandated implementation of the Mississippi's Accountability System for Government Information and Collaboration (MAGIC) by DFA.

The initial workshop held by DFA to provide agencies guidance for the preparation of the GAAP package was held in late October, 2015. Agencies were subsequently notified by email on October 29, 2015, that GAAP packages were due on November 3, 2015. Given the comparatively large number and dollar amount of the funds MDE is required to submit, and the extremely short turn-around time for submitting the information, an extension was requested and approved by DFA. MDE worked with DFA to submit GAAP packages for all forty (40) funds. The majority of the funds were submitted timely. However, with Fund 532010000 being the largest and most complex, was submitted last. The MDE will take the necessary steps to ensure that all GAAP Fund packages are submitted timely in the future. However, MDE believes that without the chaos and confusion brought about by the unwise decision to implement MAGIC without a pilot being conducted, or allowing the new system to run parallel with the old system, the GAAP package would have been submitted in a timely manner.

Additionally, the auditor noted that expenditure accruals totaling \$40,368,389 for Fund 532010000 were not initially recorded in 2015, but in fiscal year 2016. Again, this was a direct result of the implementation of MAGIC. The Department of Finance and Administration held a workshop on Saturday, June 27, 2015, at which all agencies were required to zero out remaining balances in fiscal year 2015 federal grant budgets before the start of the new fiscal year. Budget staff from MDE attended the workshop and completed the exercise as instructed. By requiring all fiscal year 2015 federal budgets to be zeroed out prior to the start of the new fiscal year, the only available federal budgets from which payments could be made in July, 2015 were fiscal year 2016 budgets. This led to payments that should have been posted to fiscal year 2015 budgets being posted to fiscal year 2016 budgets. Additionally, DFA made all accruals for fiscal year 2015 as opposed to previous years when agencies made their own accruals. Since DFA was not aware of what a normal accrual would look like for this fund, they were not aware that the accrual amount should have reflected the payments made for fiscal year 2015 from the fiscal year 2016 budget due to the requirement of zeroing out the fiscal year 2015 budget prior to the close of the fiscal year. Thus, leading to the payments being posted in the incorrect fiscal year. The process of zeroing out federal budgets before the start of a fiscal year has never been required, and, according to DFA, will not be required for future fiscal years. Again, MDE directly attributes the incorrect posting of the expenditures for this fund to the implementation of MAGIC and believes this finding is unwarranted.

Corrective Action Plan:

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

The Mississippi Department of Education will exercise due care in the future to ensure that a thorough and comprehensive review of all data is performed and completed timely.

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

James A. Hart, Director – Office of Accounting

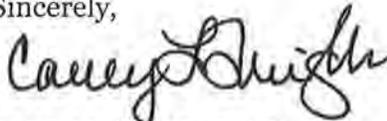
- C. Anticipated completion date for corrective action.

June 30, 2016

The MDE would like to extend our appreciation for the courtesy and professionalism exhibited by the audit team of the Office of the State Auditor conducting this audit. We acknowledge the compressed time frame in which the audit had to be completed due to the impact of the implementation of MAGIC. We are grateful to the Office of the State Auditor's entire staff for their willingness to earnestly take into consideration our comments on issues before the final audit report was released.

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

Sincerely,



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



MISSISSIPPI DEPARTMENT OF EDUCATION

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

March 28, 2016

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

Dear Mr. Pickering:

In accordance with your correspondence dated March 14, 2016, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the single audit findings for the fiscal year ending June 30, 2015.

Single Audit Findings:

REPORTING

Immaterial Noncompliance
Significant Deficiency

- 10.553 National School Breakfast Program
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.559 Summer Food Service Program for Children
- 10.558 Child and Adult Care Food Program

Federal Award Number and Year

2014CN20204	2014	2015CN202045	2015
2014IN202045	2014	2015IN202045	2015
2014CN109945	2014	2015CN109945	2015
2014IN109945	2014	2015IN1049945	2015

Questioned Costs: None

2015-022 Controls Should Be Strengthened over Federal Reporting for the Child and Adult Care Food Program and the Child Nutrition Programs

Response: The Mississippi Department of Education (MDE) acknowledges that supporting documentation to support FNS-777 financial status reports was not maintained, nor was an independent review of the data conducted. In previous years the Office of Child Nutrition used the FED Aid Master Report generated monthly from the Statewide Automated Accounting System (SAAS) to provide supporting documentation and aid in completion of FNS-777 reports. The State Automated Accounting System was replaced by Mississippi's Accountability System for Government Information and Collaboration (MAGIC) effective July 1, 2014. The new system did not have any report type available to provide the needed documentation, nor did MDE staff have the capability to create a similar report from MAGIC. Although the State of Mississippi has worked to improve the reporting capabilities of MAGIC, the inability of MDE to extract data from MAGIC in a useable report, or have access to reports similar to the SAAS FED Aid Master Report, contributed greatly to this finding. Running SAAS parallel while MAGIC was being implemented would have allowed MDE staff to identify needed reports that MAGIC was not able to produce and make requests to the appropriate entity that MAGIC provide these reports for future years. It is our strong belief that doing so would have prevented this finding from occurring. The MDE will take the necessary steps to ensure that all supporting documentation for future reports is maintained on file. We will also ensure that the FNS-777 financial status reports are reviewed by the Office of Accounting prior to submission.

Corrective Action Plan:

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

The Mississippi Department of Education will exercise due care in the future to ensure that all supporting documentation is maintained on file for review. We have incorporated a more thorough review process of the FNS-777 financial status reports by ensuring that the reports are reviewed independently by the Office of Accounting prior to submission.

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

James A. Hart, Director – Office of Accounting

- C. Anticipated completion date for corrective action.

June 30, 2016

**ACTIVITIES ALLOWED/UNALLOWED
ALLOWABLE COST/COSTS PRINCIPLES**

***Immaterial Noncompliance
Control Deficiency***

10.553	National School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children

10.558 Child and Adult Care Food Program

Federal Award Number and Year

2014CN20204	2014	2015CN202045	2015
2014IN202045	2014	2015IN202045	2015
2014CN109945	2014	2015CN109945	2015
2014IN109945	2014	2015IN1049945	2015

Questioned Costs: \$766,007

2015-023 Controls Should Be Strengthened over Allowable Costs for the Child and Adult Care Food Program and the Child Nutrition Programs

Response: The Mississippi Department of Education acknowledges that errors were made initially in the recording of expenditures within the Federal Child Nutrition Block Grant. The Child Nutrition Block Grant is one grant with multiple subcategories identified with individual Catalog of Federal Domestic Assistance (CFDA) numbers to distinguish School Breakfast, School Lunch, Child Care, etc. The auditors noted that of 8,071 expenditures only 25 (0.3%) were assigned to an incorrect subcategory within the Child Nutrition Block Grant. Initially, MDE was only able to record expenditures for all subcategories within the Federal Child Nutrition Block Grant to the MAGIC cost center of the block grant itself and not individual subcategories. As MAGIC has evolved MDE staff has established subcategories within this grant to record expenditures to the appropriate subcategory. All noted errors were corrected and a review and reconciliation of this grant was implemented to ensure that all expenditures are properly assigned.

Corrective Action Plan:

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

The Mississippi Department of Education will continue to strengthen controls through a more thorough review process and exercise due care in the future to ensure that all expenditures are properly assigned.

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

James A. Hart, Director – Office of Accounting

C. Anticipated completion date for corrective action.

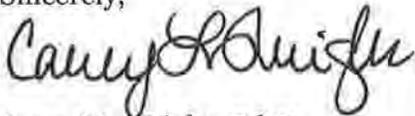
June 30, 2016

Honorable Stacey E. Pickering
Page 3
March 28, 2016

The MDE is grateful to the audit team members of the Office of the State Auditor for the professional manner in which this audit was conducted. The auditors are to be commended for providing positive feedback to MDE staff in order to strengthen agency operations. We would also like to thank the auditors for taking additional time to meet with MDE staff in order to listen to our concerns before the final audit report was issued.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Carey M. Wright". The signature is written in a cursive, flowing style.

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



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

DEPARTMENT OF FINANCE AND ADMINISTRATION
KEVIN J. UPCHURCH
EXECUTIVE DIRECTOR

April 15, 2016

FINANCIAL AUDIT FINDINGS

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

Dear Mr. Pickering:

In reference to your letter dated March 30, 2016, we submit the following responses and corrective action plans to the financial audit findings for the Department of Finance and Administration for the fiscal year ended June 30, 2015:

AUDIT FINDINGS:

MATERIAL WEAKNESS

Finding Number

Finding Recommendation

2015-027

Controls Should Be Strengthened over the Security Audit Log of Mississippi's Accountability System for Government Information and Collaboration (MAGIC)

Response: We agree with this recommendation.

Corrective Action Plan:

- A. The Department of Finance and Administration (DFA) will enable the security audit log functionality in MAGIC.
- B. The contact person responsible for this corrective action is Jenny Bearss, Chief System Information Officer.
- C. The anticipated date of implementation is no later than May 1, 2016.
- D. N/A

2015-028 **Controls Should Be Strengthened Over Cash Reconciliations**

Response: We agree with this recommendation.

Corrective Action Plan:

- A. The Office of Financial Reporting is currently reconciling MAGIC cash balances to the Office of State Treasurer's cash balances on a monthly basis. DFA is providing a Daily Average Cash Balance (DACB) report to the Office of the State Treasurer.
- B. Donna McFarland is the contact person responsible for this corrective action.
- C. We implemented this corrective action in December 2015.
- D. N/A

Additional comments:

Fiscal Year 2015 was the implementation year for MAGIC. As with the implementation of any new accounting system, there were many issues that had to be resolved and corrected. There were issues with reconciling cash that have been resolved. The cash reconciliation is now performed timely and working properly.

The DACB report is continuing to be enhanced to provide additional information for the Office of the State Treasurer to use. It should be noted that MAGIC is the system of record, not the Office of the State Treasurer's system (QED).

2015-029 **Segregation of Duties Conflicts Exist within MAGIC**

Response: We agree with this recommendation.

Corrective Action Plan:

- A. The MAGIC team and business owners will review the roles and security associated with users to ensure that we eliminate these conflicts in the future. The MAGIC team will consider segregation of duty conflicts when adding new users and require agencies to certify to DFA, on an annual basis, that they have completed user

access reviews at least quarterly. Much of the responsibility rests with the agencies as they add users in MAGIC.

B. Diane Langham and Mark Valentine are the contact persons responsible for this corrective action.

C. We anticipate implementing the Governance, Risk, and Compliance (GRC) module by June 30, 2017.

D. N/A

Additional comments:

During Fiscal Year 2015, DFA was made aware that there were several security settings established by the SAP implementation team that resulted in inappropriate authorization for a few MAGIC team members. While no instance has been discovered that any changes to data resulted, the access has been appropriately restricted.

This corrective action plan will ensure compliance with the “least privilege” principle, ensure full implementation of the Access Control portion of the (GRC) module within MAGIC, and ensure that agencies are performing at least quarterly user access reviews of all user access (including contractors) to their business areas.

2015-030 The Department of Finance and Administration Should Strengthen the Process for Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards

Response: We agree with this recommendation.

Corrective Action Plan:

A. Edits and changes to MAGIC have been made to ensure the correct reporting of Interagency receivables and payables. DFA is working to correct the Capital Assets and implement a plan to ensure that misstatements do not occur in the future. We are making adjustments for reconciling differences between MAGIC cash and Treasury cash on a monthly basis and revising Financial Reports to provide accurate information.

B. The contact person responsible for this corrective action is Donna McFarland.

- C. We implemented this corrective action in phases, most of which were corrected during the Comprehensive Annual Financial Report (CAFR) preparation process. The first phase was implemented in December 2015, with implementation for additional phases in March and April 2016.
- A. N/A

Additional comments:

Fiscal Year 2015 was the implementation year for MAGIC. As with the implementation of any new accounting system, there were many issues that had to be resolved and corrected. Most of the issues that have been identified have been resolved or are in the process of being resolved.

2015-031 Written Policies and Procedures Should be in Place Related to Accounting and Reporting Matters

Response: We agree with this recommendation.

Corrective Action Plan:

- A. The DFA is in the process of reviewing and updating the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual. A revision in conjunction with implementation would have been impractical due to the many changes that occur during implementation. In fact, we are still making “tweaks” to MAGIC. Once we are comfortable that we are substantially complete, we will place a greater focus on the revision.

The MAAPP manual still has many relevant sections. There are many user aids and training materials currently available to users on the MAGIC web site. The vision for the revised MAAPP manual will not only address policies and procedures, but will contain hyperlinks that users can “click on” to access the many training aids available. As more aids are developed, we will add them to the respective sections of the MAAPP manual.

- B. The contact persons responsible for this corrective action are Donna McFarland and Mark Valentine.
- C. There have already been some updates to the MAAPP manual and there will be more to come. There really is no anticipated completion date due to the manual being a fluid document that will continually be updated. It must change as processes

change, etc. However, we anticipate the first installment of updates to begin shortly after July 1, 2016.

D. N/A.

Additional comments:

The DFA provided Business Process Flow documents to agencies prior to Go-Live and training documentation included reference to those documents. Additionally, the DFA notified agencies of various policies and procedures through frequent email communication.

SIGNIFICANT DEFICIENCY

2015-032

Controls Should Be Strengthened Over the Vendor Master File and Issuance of Payments to One-Time Vendors

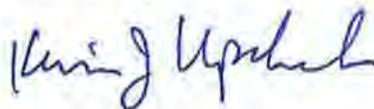
Response: We agree with this recommendation.

Corrective Action Plan:

- A. Agencies should use a one-time vendor for non-recurring payments and payments for non 1099-MISC services. A MAGIC edit prevents a one-time vendor from being used with an expenditure code that is a 1099-MISC service. DFA will perform a detailed review of all payments made during FY 2015 and to date in 2016 and issue specific rules and regulations on the use of a one-time vendor. In addition, DFA will pursue additional system edits to prevent multiple payments to a single vendor using a one-time vendor number.
- B. The contact person responsible for this corrective action is Mark Valentine.
- C. The review will be completed by June 30, 2016, with the system edits to be completed by December 31, 2016.
- D. N/A.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Kevin J. Upchurch

(This page left blank intentionally.)

CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
 CFDA #93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
 CFDA #93.268 Immunization Cooperative Agreements
 CFDA #93.777 State Survey and Certification of Health Care Providers and Suppliers

Federal Award Number and Year: 5MS700704 2015 and 2014
 5U90TP000530-03 2015
 5H23IP000790-03 2015
 5H23IP000790-02 2014
 Pass through funds from Medicaid

2015-025 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System

The agency concurs with this finding. Greater care will be exercised to ensure figures are entered correctly on the reconciliation. In addition, corrections have been made to the relative value tables to ensure they are accurate and Field Services will review the table prior to implementation for the next fiscal year. Also, time study staff will ensure the weeks selected for time study are equally distributed. The agency is still in the process of developing the activities reporting portion of the KRONOS Time Keeping system which should diminish the marginal data entry errors. At this point there is no implementation date set. Until such time it has been implemented, data entry forms will be dually checked to assure correction and accuracy in data collection.

ELIGIBILITY

Significant Deficiency

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Federal Award Number and Year: 5MS700704 2015 and 2014

2015-026 Controls Should Be Strengthened over the Eligibility Certification Process for the Special Supplemental Nutrition Program for Women, Infants and Children

The agency concurs with this finding. WIC coordinators will reinforce appropriate procedures and policies with staff regarding proof of residency, collection of bloodwork and use of selections in SPIRIT when bloodwork is not collected, and collecting signatures at each certification and check issuance.


 Mary Currier, M.D., M.P.H.
 State Health Officer



STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
John Davis
Executive Director

SINGLE AUDIT FINDINGS

March 23, 2016

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

Dear Mr. Pickering:

The following are our responses and corrective action plans to the Single Audit Findings in the Single Audit Management Report as outlined in the Mississippi Department of Human Services' audit performed for Fiscal Year 2015:

SINGLE AUDIT FINDINGS:

**CFDA/Finding
Number**

Finding and Recommendation

ELIGIBILITY

***Material Noncompliance
Material Weakness***

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year:

G1502MSTANF 2015

G1401MSCCDF 2014

Questioned Costs: \$5,215

2015-001

Controls Should Be Strengthened over the Compliance with Eligibility and Benefit Payment Requirements

Response:

The Mississippi Department of Human Services (MDHS) agrees that controls should be strengthened over compliance with eligibility and benefit payment requirements of the Temporary Assistance for Needy Families (TANF) program. Eligibility Workers and Case Managers should be aware of the policy of which the MDHS Division of Field Operations (DFO) has in place to address the various findings revealed by this audit. For various reasons, staff did not follow policy and procedures in a complete, accurate and timely manner in every case.

Corrective Action Plan:

The Division of Field Operations will re-emphasize to its staff the importance of adherence to policy and procedures as set out in Volume III, TANF Policy Manual.

The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's office. The anticipated completion date for the corrective actions is June 30, 2016.

ELIGIBILITY

Material Noncompliance

Material Weakness

93.575

Child Care and Development Block Grant

93.596

Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

G1401MSCCDF 2014

G1501MSCCDF 2015

Questioned Costs: \$7,201

2015-002

Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster

Response:

In June 2014 DECCD launched client redetermination processes for all cases identified as non-referred clients. Per federal rule, client redetermination will occur no fewer than 12 months from the date of initial eligibility determination, or last date of redetermination. DECCD will continue to redetermine clients eligible for subsidy according to this federal rule. Client redeterminations will be an on-going process each fiscal year. This redetermination process will require parents to provide all information required to determine eligibility and will allow DECCD to build a complete electronic case file for future audits.

The data system interface with the TANF client system increased functionality during the 2014 year. Since this time, DECCD has been better able to identify cases where clients continued to receive services without an active/open referral from TANF caseworkers. These cases are terminated as they are identified via the system interface, which should help control the issuance of certificates to clients no longer eligible for services.

Corrective Action Plan:

DECCD is implementing an online client redetermination process that will allow DECCD to perform client redeterminations on a regular basis. This redetermination process will address the findings related to missing documentation used to determine eligibility and set co-payment rates. DECCD will redetermine clients eligible in the manner prescribed in the CCDF legislation of 2014.

DECCD's Data Integrity Manager will be reviewing the reconciliation report between JAWS and CCPS on a weekly basis to identify gaps between referral information and service records. This process will support increased alignment between the two programs' client data. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

ALLOWABLE COSTS/COST PRINCIPLES

Material Noncompliance

Material Weakness

93.575

Child Care and Development Block Grant

93.596

Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

G1401MSCCDF 2014

G1501MSCCDF 2015

Questioned Costs: \$5,214

2015-003

Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the CCDF Cluster

Response:

While it is true that most school-aged children require part time care for most days during the school year, it is also true that parents of school-aged children work non-traditional hours and can need care for an excess of 6 hours per day during the school year. DECCD allows for school aged children to be issued full-time certificates for care so that parents are not burdened with tuition payments when the part-time subsidy rate does not cover the care they need. Given this information regarding the ability for school-aged children to be issued full-time certificates, DECCD respectfully disagrees with the projected questioned costs associated with this finding. It is not possible to project questioned costs without considering the validity of some full-time certificates for school-aged children. Additionally, the issuance of full-time certificates for school-aged children is allowable, and not out of compliance with the allowable cost requirements of the Child Care and Development Block Grant, the Code of Federal Regulations, or the Mississippi Child Care Payment Policy Manual as stated in the Report.

In response to the finding related to the authorized number of days for care, DECCD respectfully disagrees with the questioned and projected questioned costs for this finding. Unlicensed providers are not limited in the number of days for which they can provide care during the month.

Corrective Action Plan:

DEECD has implemented a two part process for renewing provider information. ITS is developing an interface between the Mississippi Department of Health Division of Child Care Licensure and DECCD's data system. This will allow for providers to renew information annually for both agencies. In addition, unlicensed providers are renewing their information annually using DECCD's data system. This will allow for collection of missing information from providers. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

REPORTING

Material Weakness

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families State Programs
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

12-35-2841-B13	2013	G1402MSTANF	2014
12-35-2841-B14	2014	G1502MSTANF	2015
12-35-2841-B15	2015	G1201MSCCDF	2012
2013IS750345	2013	G1301MSCCDF	2013
2014IS750345	2014	G1401MSCCDF	2014
2015IS750345	2015	G1501MSCCDF	2015

Questioned Costs: None

2015-004

Controls Should Be Strengthened over the Submission of Required Federal Reports

Response:

The Mississippi Department of Human Services agrees that controls should be strengthened over preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

The State of Mississippi's agency in charge of providing statewide automated accounting systems to be used by all State agencies, the Department of Finance and Administration (DFA), implemented an Enterprise Resource Planning (ERP) system effective July 1, 2014. This new system called Mississippi's Accountability System for Government Information and Collaboration (MAGIC) replaced the legacy accounting system. All of the deliverables related to the reporting capabilities of MAGIC were not available at the go-live date due to various challenges of implementing a huge new system. As a result, our federal report preparers were faced with unexpected changes in business processes related to compiling data for preparation of federal reports. Instead of custom reports being generated by the system as in the legacy system, MAGIC required users to retrieve data in raw form, such as file downloads from MAGIC to Microsoft Excel, and then sorting, filtering, and calculating this raw data into displays of information (reports) needed to prepare federal reports. Initially this was an extremely time-consuming and manual process. Since our legacy system had a robust reporting capability to support federal reporting, we were not prepared to respond quickly to the lack of customized reporting from the new system. Late federal reports were a result of this system change.

Corrective Action Plan:

We are well past one year into the implementation of the new MAGIC system and we have become very accustomed to and experienced with the manual processes and we are in the process of adding staff positions that will strengthen or ability to file federal reports in a timely fashion. At the same time we expect that our new system will eventually provide a reporting tool that is less manual and faster than manipulating data on excel spreadsheets. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

SUBRECIPIENT MONITORING

Material Weakness

10.551 Supplemental Nutrition Assistance Program
10.561 State Administration Matching Grants for the Supplemental Nutrition Assistance Program
93.558 Temporary Assistance for Needy Families
93.667 Social Services Block Grant
Federal Award Number and Year:

12-35-2841 – B14	2014	G1402MSTANF	2014
12-35-2841– B15	2015	2014IS750345	2014
G1201MSSOSR	2012	G1401MSSOSR	2014

Questioned Costs: None

2015-005

Controls Should Be Strengthened over On-Site Monitoring

Response:

The Agency Concurs with the finding and controls have been strengthened over subrecipient monitoring for the SNAP, TANF and SSBG programs.

Corrective Action Plan:

These guidelines have been put in place and are operating efficiently.

New guidelines and tracking systems have been put in place to help the Office of Monitoring to obtain all subgrant and contract information from the funding divisions in a timely manner. The Director of Office of Monitoring and two supervisors now have complete access to the MAGIC program. This allows the monitors to have the files and cost reporting worksheets available in a more timely manner. The monitors will no longer have to wait for information from the funding divisions. Once subgrants and contracts are received from the funding divisions, a notation is requested from each funding division by the Office of Monitoring that all subgrants/contracts have been sent.

The Office of Monitoring has put in place a new tracking system that will allow the monitors to be notified of vital information dates such as contract expiration dates, initial reports, status reports and final decision letter due dates one week prior to the due dates via email. Also, the new tracking will notify the monitors four days prior to the due dates for

responses from the subgrantee/contractor. This new system will allow notes and additional contact information to be recorded when giving extensions or when other information is needed. The tracking system will also be used to keep all subgrant/contract information in the system. This will include the contract, modifications and all work papers and correspondence that pertain to the subgrant/contract.

New time requirements in our Standard Operating Procedures have been set by the Director. Each monitor is now required to check the tracking twice a week and update the tracking. The monitors have been given training in time management with a special emphasis on the new time requirements. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

REPORTING

Immaterial Noncompliance

Material Weakness

93.568

Low Income Home Energy Assistance Program

Federal Award Number and Year:

G13B1MSLIEA – 2013

G14B1MSLIEA – 2014

G15B1MSLIEA – 2015

Questioned Costs: None

2015-006

Controls Should Be Strengthened over the Submission of Required Federal Reporting Elements and Reports.

Response:

The Mississippi Department of Human Services agrees that controls should be strengthened over preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

The State of Mississippi's agency in charge of providing statewide automated accounting systems to be used by all State agencies, the Department of Finance and Administration (DFA), implemented an

Enterprise Resource Planning (ERP) system effective July 1, 2014. This new system called Mississippi's Accountability System for Government Information and Collaboration (MAGIC) replaced the legacy accounting system. All of the deliverables related to the reporting capabilities of MAGIC were not available at the go-live date due to various challenges of implementing a huge new system. As a result, our federal report preparers were faced with unexpected changes in business processes related to compiling data for preparation of federal reports. Instead of custom reports being generated by the system as in the legacy system, MAGIC required users to retrieve data in raw form, such as file downloads from MAGIC to Microsoft Excel, and then sorting, filtering, and calculating this raw data into displays of information (reports) needed to prepare federal reports. Initially this was an extremely time-consuming and manual process. Since our legacy system had a robust reporting capability to support federal reporting, we were not prepared to respond quickly to the lack of customized reporting from the new system. Late federal reports were a result of this system change.

Corrective Action Plan:

We are well past one year into the implementation of the new MAGIC system and we have become very accustomed to and experienced with the manual processes and we are in the process of adding staff positions that will strengthen our ability to file federal reports in a timely fashion. At the same time we expect that our new system will eventually provide a reporting tool that is less manual and faster than manipulating data on excel spreadsheets. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

EARMARKING

Immaterial Noncompliance
Significant Deficiency

93.558

Temporary Assistance for Needy Families State Programs

Federal Award Number and Year:

G1502MSTANF 2015

Questioned Costs: \$6,210

2015-007

Controls Should Be Strengthened over 20 Percent Exemption and Five Year Time Limit

Response:

The Mississippi Department of Human Services (MDHS) agrees that controls should be strengthened over 20% exemption and five year time limit requirements of the TANF program. MDHS DFO has developed and implemented policy of which case managers should be aware that provide adequate controls to address the various findings revealed by this audit. For a variety of reasons, staff did not follow policy and procedures in a complete, accurate and timely manner in every case.

Corrective Action Plan:

The Division of Field Operations will re-emphasize to its staff the importance of adherence to policy and procedures as set out in Volume III, TANF Policy Manual.

The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

SPECIAL TESTS

Immaterial Noncompliance
Significant Deficiency

93.558

Temporary Assistance for Needy Families State Programs

Federal Award Number and Year:

G1502MSTANF 2015

Questioned Costs: \$3,705

2015-008

Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program

Response:

The Mississippi Department of Human Services agrees that controls should be strengthened over termination of benefits for non-participation of work-eligible adults in the TANF program work activities.

Corrective Action Plan:

New policy was implemented in October 2014 providing guidance on procedures for handling cases listed on the TANF High Counter Report. Procedures have been put in place for County Directors to monitor for completeness and provide a status report to their Regional Directors. The Regional Directors are required to sign-off on the report ensuring appropriate actions were taken. State Office staff is also tracking the TANF High Counter Reports to ensure case records retain sufficient documentation. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

SUBRECIPIENT MONITORING

Significant Deficiency

- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
- 93.558 Temporary Assistance for Needy Families State Programs
- 93.568 Low-Income Home Energy Assistance Program
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care Development Fund
- 93.667 Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1201MSSOSR	2011	
G1102MSTANF	2011	G1301MSSOSR	2012
G1202MSTANF	2012	G1301MSSOSR	2013

G1302MSTANF 2013	G11B1MSLIEA 2011
G1001MSCCDF 2010	G12B1MSLIEA 2012
G1101MSCCDF 2011	G13B1MSLIEA 2013
G1201MSCCDF 2012	
G1301MSCCDF 2013	

Questioned Costs: None

2015-009

Controls Should Be Strengthened over Subrecipient Monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG and LIHEAP Programs and for the CCDF Cluster

Response:

The Agency concurs with the finding and controls have been strengthened over subrecipient monitoring for OMB Circular A-133 Audits for the SNAP, TANF, SSBG and LIHEAP Programs and for the CCDF Cluster

Corrective Action Plan:

These guidelines have been put in place and are operating efficiently.

The Office of Monitoring will implement procedures to insure subgrantees respond to Initial Notice Letters, Reminder Letters and Demand Letters to emphasize the importance of timely submission of an audit report or the Subgrantee Audit Information Form to document that an audit is not required.

The Office of Monitoring will continue to access the Office of the State Auditor's website to download copies of audit reports for schools, counties, municipalities and other entities that file audit reports with the Auditor's Office.

The MDHS Funding Divisions will be provided Quarterly Updates of Unresolved Audit Findings and the Office of Monitoring will provide training and technical assistance to the Funding Divisions to ensure the audit findings are cleared by the responsible Funding Division in a timely manner. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

REPORTING

Immaterial Noncompliance

93.558
93.568

Temporary Assistance for Needy Families State Programs
Low-Income Home Energy Assistance Program
Federal Award Number and Year:

1402MSTANF (2014)	G14B1MSLIEA (2014)
1502MSTANF (2015)	G15B1MSLIEA (2015)

Questioned Costs: None

2015-010

Agency Should Accurately Report the Status of Prior Year Findings

Response:

The Mississippi Department of Human Services agrees that the agency should accurately report the status of prior year findings. The Division of Community Services misunderstood the instructions for submitting the FFATA Report. We have made corrections in FFATA for those agreements under \$25,000 and the staff has been trained on the correct procedures. We have corrected the six LIHEAP awards tested and the ones that were not tested for those subgrant periods.

Corrective Action Plan:

A memorandum will be sent to management who are responsible for responding to audit findings stating that the status of Prior Year Audit Findings must be accurately reported, only as the case may actually and truthfully be, as either "Fully Corrected" or Partially Corrected or "Not Corrected, etc." when providing information each year for the Summary Schedule of Prior Federal Audit Findings.

The Division of Community Services has made corrections in FFATA for those agreements under \$25,000 and the staff has been trained on the correct procedures. We have corrected the six LIHEAP awards tested and the ones that were not tested for those subgrant periods. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

EARMARKING

Immaterial Noncompliance

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year:

G1202MSCCDF 2012

Questioned Costs: \$99,295

2015-011 Agency Should Ensure Compliance with Earmarking and Minimum Targeted Funds Provisions and Requirements

Response:

The Mississippi Department of Human Services agrees that we should ensure minimum targeted funds are obligated and expended to meet the Child Care and Development Block Grant (CCDF) earmarking requirements. This finding was a result of lack of timeliness in receiving closeout packages from sub grantees which caused inadvertent erroneous postings of expenditures in the accounting records and on the federal financial reports. Correct reporting of costs by the Mississippi Department of Human Services (grantor) could not be finalized until final costs were received from sub grantees. As the sub grantees were late and federal reports were due, amounts on the federal reports were incorrect. Once the sub grantees finalized and reported their costs, it was discovered that we were not in compliance with the earmarks. When the adjusted costs were reported, they were inadvertently not reported as earmark expenditures.

Corrective Action Plan:

We will communicate to our business partners, i.e. sub grantees, that timely completion of grant closeout packages is extremely important to our federal reporting. Also, we will strengthen our controls to monitor grant expenditures to insure that sufficient progress is being made toward satisfying earmarking requirements. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior

Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

- 10.551 Supplemental Nutrition Assistance Program
- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
- 93.558 Temporary Assistance for Needy Families State Programs
- 93.568 Low-Income Home Energy Assistance Program
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care Development Fund
- 93.667 Social Services Block Grant

Federal Award Number and Year:

SNAP Letter of Credit	G1301MSSOSR	2013
G1402MSTANF 2014	G1401MSSOSR	2014
G1502MSTANF 2015	G1501MSSOSR	2015
G1201MSCCDF 2012	G12B1MSLIEA	2012
G1301MSCCDF 2013	G13B1MSLIEA	2013
G1401MSCCDF 2014	G14B1MSLIEA	2014
G1501MSCCDF 2015	G14B1MSLIEA	2015

Questioned Costs: \$347,248

2015-012

Agency Should Ensure Compliance with Allowable Costs Requirements.

Response:

The Mississippi Department of Human Services agrees that it should strengthen its policies to ensure that joint indirect costs are charged to the proper cost centers so that they flow through the cost allocation process for proper assignment to the agency's programs.

The State of Mississippi's agency in charge of providing statewide automated accounting systems to be used by all State agencies, the Department of Finance and Administration (DFA), implemented an Enterprise Resource Planning (ERP) system effective July 1, 2014. This new system called Mississippi's Accountability System for Government Information and Collaboration (MAGIC) replaced the legacy accounting

system. All of the deliverables of MAGIC were not available at the go-live date due to various challenges of implementing a huge new system. Consequently, certain processes were required to be done manually. Certain costs that were not coded correctly in the new accounting system were omitted from federal reports.

Corrective Action Plan:

The omitted costs were subsequently picked up as adjustments on the federal reports. We have put controls in place to ascertain that all costs are now included on federal reports. A recap schedule to reconcile all expenditures on the accounting records to expenditures on the federal reports has been implemented. This should prevent this particular finding from occurring in the future. Also, when the new MAGIC system is finally complete in all of its features, the manual processes that led this finding will no longer be used and will be replaced by automated reporting. The name of the contact person who is responsible for this corrective action plan is Mack Reeves, Senior Attorney, Executive Director's Office. The anticipated completion date for the corrective actions is June 30, 2016.

We appreciate the courtesy and professionalism demonstrated by Stephanie Palmertree and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Earl D. Walker of the Division of Budgets and Accounting at 601-359-4665.

Respectfully,


John Davis,
Executive Director

JD:EDW:pt

Pc: Jacob Black
Cathy Sykes
Garrig Shields
Earl D. Walker



STATE OF MISSISSIPPI

Phil Bryant
Governor

MISSISSIPPI DEPARTMENT OF MARINE RESOURCES

Jamie M. Miller, Executive Director

FINANCIAL AUDIT FINDINGS

April 6, 2016

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Marine Resources 2015 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding: LIABILITIES FOR GRANT REIMBURSEMENTS AFTER THE LAPSE PERIOD
2015-033

Response: The agency concurs with this finding.

Corrective Action: Management notes this matter was isolated to beginning-of-year balances. Management has strengthened internal controls over accounts payable and other areas during the year to establish proper cutoff procedures. Mississippi Department of Marine Resources is currently working to procure a grants management system that will facilitate auditor recommendations.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Kacey Williams at 228.523.4169.

Sincerely,

A handwritten signature in blue ink that reads "Jamie M. Miller".

Jamie Miller
Executive Director
State of Mississippi

(This page left blank intentionally.)



STATE OF MISSISSIPPI
PHIL BRYANT, GOVERNOR
DEPARTMENT OF PUBLIC SAFETY
ALBERT SANTA CRUZ, COMMISSIONER

FINANCIAL AUDIT FINDINGS

April 13, 2016

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Public Safety 2015 fiscal year audit. Listed below is our individual response and plan for corrective action:

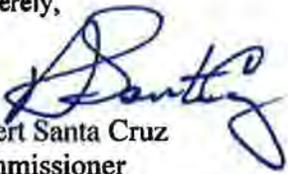
Audit Finding: Allocation of Interagency Revenue
2015-035

Response: The agency concurs with this finding.

Corrective Action: Management has implemented procedures to ensure future material interagency revenues are properly allocated and recorded.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Carla Hutson at 601.987.1212.

Sincerely,


Albert Santa Cruz
Commissioner
Mississippi Department of Public Safety

(This page left blank intentionally.)



March 14, 2016

FINANCIAL AUDIT FINDINGS

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

Dear Mr. Pickering:

With respect to your audit of the financial statements of the Department of Revenue for the Fiscal Year ended June 30, 2015, we offer the following comments:

Controls Should Be Strengthened Over Adjustments And Abatements To Taxpayer Accounts

Finding number 2015-016:

42% of users with MARS security function level 2904 have the capability to request and approve transaction adjustments and abatements (tax, penalty, and interest abatements) in the MARS system without another user interacting with the transaction. MARS notifications are sent to supervisors/managers when an adjustment/abatement over \$5000 is requested. However, supervisors/managers are not required to follow up on the notifications after receiving them. Based on test work performed on 35 transactions, we noted in three instances, or nine percent, transactions were requested and approved by the same individual and there were no notes in MARS to indicate whether other persons were aware of the adjustment/abatement transaction.

Good internal controls require a supervisory review and approval of significant and unusual adjustments and abatements made to taxpayer trial balances. The review and approval should be performed in a timely manner and adequately documented with the date of the review and the person approving.

Response:

We agree. Tax return processing and corrective actions, required to properly administer tax returns, are important services the agency performs for the citizens of Mississippi. The quality of our work must be exceptional and the quantity of returns processed must be balanced to accomplish our mission without adding administrative requirements that contribute to inefficiency.

Corrective Action:

MARS generated notifications for return change adjustments over the DOR threshold enhance oversight capability. Managers are instructed and agency policy states managers should place an approval note on the taxpayer account for significant and unusual adjustments/abatements. To support timely action by

managers, a report has already been developed to list notifications that have not been viewed by user. Additional notifications for return change adjustments must be created in the system and a programming request for those notifications has already been made. That request will be moved to a higher priority as soon as possible. Executive staff has addressed the importance of documenting management review and approval whenever notifications for significant and unusual adjustments and abatements are made on taxpayer trial balances.

Name: Jennifer Wentworth
Date: 05/31/16

Controls Over Statement and Billing Processes on Taxpayer Accounts Should Be Strengthened

Finding number 2015-017:

All MARS (Mississippi Automated Revenue System) user ID's have the ability to place stop indicators on MARS accounts without needing approval in the system from another user. Stop indicators can be created with an indefinite cease date, meaning the system will never automatically release the indicator. Agency policy states indicators without a specific end date will be routinely reviewed to ensure the indicator is valid and managers will document the review at least once each quarter. Upon inquiry, agency personnel did not perform a review of taxpayer accounts with stop indicators in place.

Good internal controls require a supervisory review on taxpayer accounts in which billing and statement processes have been suspended, including, but not limited to, those with indefinite cease dates. The review and approval should be performed in a timely manner and documented in order that controls can be monitored. The agency should limit access to add stop indicators to accounts in MARS to employees who require this function in the course of their work.

Response:

We understand the importance of good internal controls and we agree that supervisory review of taxpayer accounts in which billing and statement processes have been suspended is required to ensure effective administration of accounts. Of the 10,603 accounts with stop billing and/or stop statement indicators applied during FY 2015, 98% were required to discontinue mail to taxpayers for returned mail received due to incorrect addresses. The agency has an automated process that searches for a good address. If a good address is found, the stop indicator is ceased.

Corrective Action:

The remaining 208 accounts with stop indicators applied will be reviewed by a manager during FY 2016 and the practice will continue as an ongoing activity for DOR management. Managers will confirm that review of taxpayer accounts with suspended billing and statement processes are completed and documented according to agency policy.

Name: DOR Associate Commissioners
Date: June 30, 2016

GAAP Packet Supporting Schedules Should Be Completed In a Timely Manner

Finding number 2015-018:

The Mississippi Department of Revenue (DOR) prepares a schedule of *Untransferred Tax Collections and Receivables* as of fiscal year-end and provides the schedule annually to the Office of the State Treasurer in order for them to compile the GAAP packet for the treasury clearing fund 3917100000. Agency personnel did not perform a timely preparation of this schedule. These delays resulted in the comprehensive annual financial report (CAFR) not being published in accordance with state law.

Procedures to ensure the timely completion and submission of GAAP packet supporting schedules related to treasury fund 3917100000 to the Office of the State Treasurer should be implemented to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

Response:

The schedule of *Untransferred Tax Collections and Receivables* was first submitted to the Treasury on November 25, 2015. Once the Treasury began their review of the schedule, they informed DOR about additional balances within the revenue types in the fund. These balances all needed to be researched and reconciled, and correcting entries had to be prepared by DOR. That process takes time, and DOR's Accounting personnel worked extra hours every week in order to complete their day-to-day work along with the reconciliation process. With the State's previous accounting system (SAAS), these types of entries were not needed. Moving to a new accounting system over the last year has been challenging, and the completion of the Untransferred Schedule was no exception.

Corrective action:

Mississippi Department of Revenue has implemented procedures to ensure timely completion and submission of GAAP packet supporting schedules.

Name: Jennifer Wentworth

Date: 2/22/16

Agency Should Ensure Compliance With Federal Mandates For The Title and Motor Vehicle System

Finding number: 2015-019

The Title and Motor vehicle system currently being used by Mississippi Department of Revenue (MDOR) is out of compliance with federal mandates concerning the federal Anti-Car Theft Act of 1992 (ACT). This act calls for states to be able to provide information about vehicle ownership on a real time basis. The existing system cannot meet the mandate nor can it be enhanced or improved. Also outages of the system have occurred in the past and the system is subject to failure at any time.

The MDOR should replace the title and motor vehicle system as soon as possible in order to avoid loss of services to the public, the delay of income to the state, counties, municipalities, and local school boards, and possible sanctions and fines from the federal government.

Response:

We agree.

Corrective Action:

As of June 30, 2015 a Request for Proposal (RFP) was being developed, and the RFP was issued through ITS in October 2015.

Name: Jennifer Wentworth
Date: June 30, 2016

Our staff is available to furnish any additional information requested or further details concerning this audit of our financial statements and the implementation of suggested changes.

Respectfully,



J. Ed Morgan,
Commissioner of Revenue



FINANCIAL AUDIT FINDING

March 21, 2016

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

Dear Mr. Pickering:

We received the Financial Audit Management Report and the following details our response to the Audit Finding for FY 2015:

<u>Finding Number</u>	<u>Finding and Recommendation</u>
-----------------------	-----------------------------------

MATERIAL WEAKNESS

2015-015	<u>Controls Should Be Strengthened to Ensure Capital Assets are Reported Timely and Accurately</u>
----------	--

Finding:

During our review of financial reporting at the Mississippi Department of Transportation, we noted agency personnel did not prepare their GAAP packet for Capital Assets in a timely manner. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was November 3, 2015. However, the GAAP packet for Capital Assets was not submitted until January 12, 2016. Additional changes were made to the Capital Assets GAAP Packet by the agency as late as March 9, 2016.

Annually, MDOT submits the information, known as their Capital Assets GAAP Packet, along with supporting schedules to DFA-OFR. MDOT is responsible for recording and reporting all information related to their capital assets. During our review of the Capital Assets GAAP Packet at MDOT, we noted the following errors that required correction:

- Depreciation expense for infrastructure assets was not booked in the current year in the amount of \$325,161,575.
- Building and land improvement assets were incorrectly reported as infrastructure assets in the amount of \$64,652,868.

- Of the \$64,652,868 amount listed above, \$48,847,439 was reported as building and land improvements at the same time it was improperly included as infrastructure resulting in an overstatement in MDOT's capital assets.

Response:

1. *MDOT did not prepare the GAAP Package for Capital Assets in a timely manner.*

MDOT does not concur with this finding. The department received all required information and MAGIC functionality from DFA on January 7, 2016 and submitted the Capital Assets GAAP packet on January 12, 2016.

In order for MDOT to timely prepare the capital assets GAAP packet, we need directives from DFA to be complete and timely. MS Code Section 27-104-4(1) sets forth not only the agency's responsibilities in GAAP preparation but also the responsibility of DFA to provide procedures and accounting systems necessary for the agency's to fulfill their responsibility:

*“Each state agency shall prepare annual financial statements at such times as required by the State Fiscal Officer. The statements shall be in accordance with generally accepted accounting principles. *The State Fiscal Officer, in consultation with the State Auditor, shall prescribe rules and regulations to implement and specify the records, procedures and accounting systems necessary to carry out the provisions of this section* [emphasis added].”*

Section 27 of the Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual contains the regulations, procedures, and templates for GAAP reporting but has not been updated since MAGIC was implemented. DFA did not provide agencies with the new procedures and templates until the GAAP packets were delivered so there was no way for agencies to prepare or obtain training.

DFA did not provide the agencies with a complete FY 2015 GAAP packet timely. Prior to MAGIC, DFA would submit a GAAP packet to the agencies around the first of July with the trial balances for each fund, schedules and which funds and notes were

required. This year, the GAAP packet was pieced to us with minimal training until October 13, 2015, three months later than normal. Agencies were then given a two week period to complete. Due to the complexity of our GAAP packet, MDOT has always received a time extension in the past. It was unreasonable to expect MDOT to meet a November 3rd deadline.

Entering capital assets GAAP entries into MAGIC was a new process. Prior to MAGIC, DFA had always made the necessary classifications as part of their GAAP preparation. DFA did not inform MDOT of this new process until mid-October 2015 and they did not provide nor develop the accounting structure that would allow us to make our infrastructure entries until December 2015.

MDOT has been attempting to work with DFA for over two years to bring proper attention to capital assets. MDOT initiated a meeting with DFA-OFR, an MMRS MAGIC representative, and an SAP representative on March 26, 2014 to proactively develop procedures for capturing capital assets such as buildings, land, and land improvements in MAGIC. MDOT repeatedly sought guidance from DFA throughout the last two years, as we were not able to post our buildings, land, or land improvements into MAGIC. Processes regarding capital assets continued to be undefined with no engagement from DFA until entries were required for GAAP purposes. DFA finally began working with MDOT in October 2015 to determine how these assets were to be entered into MAGIC for GAAP purposes. We emailed DFA several times in November about CIP adjustments and conversions to be posted in MAGIC. At this point, DFA required us to prepare GAAP entries for capital assets in MAGIC without providing a process or training. We met with DFA twice in December regarding the posting of our FY 2014 and FY 2015 assets in MAGIC. It wasn't until December 23, 2015 that we were able to post our outstanding CIP assets in MAGIC. As of January 7, 2016, the beginning balances for capital assets were not entered in MAGIC. We were provided a paper copy of FY 2014 verified ending balances by DFA on January 6, 2016. Two new accounts for capital assets (1) OFR Capital Assets Infrastructure Under Const (Reporting) and (2) OFR Capital Assets Right of Way (Reporting) needed to be set up in MAGIC in order for us to properly make the GAAP entries.

We were not notified that the two new accounts were set up until January 7, 2016.

2. *Depreciation expense for infrastructure assets was not booked in the current year in the amount of \$325,161,575.*

Preparing entries for Capital Assets in MAGIC was a new process for both DFA and MDOT. Prior to MAGIC, DFA had always made the necessary classifications as part of their GAAP preparation. Since MDOT did not have any prior knowledge of how DFA treated capital assets after the GAAP packet was submitted, DFA provided MDOT with the entries to prepare for FY 2015. However, neither DFA nor MDOT realized depreciation expense for infrastructure assets needed a journal entry in MAGIC.

3. *Building and land improvements assets were incorrectly reported as infrastructure assets in the amount of \$64,652,868.*
4. *Of the \$64,652,868 amount listed above, \$48,847,439 was reported as building and land improvements at the same time it was improperly included as infrastructure resulting in an overstatement in MDOT's capital assets.*

The misclassification of buildings was our oversight due to certain buildings being constructed with federal dollars. In the future, the Financial Reporting Section will be working with the Asset Management Division to reconcile building additions and deletions monthly. It should be noted the error was not detected by the Office of the State Auditor's staff during their review but by MDOT management, who then reported the error to DFA and OSA.

In summary, MDOT did timely submit the Capital Assets GAAP packet once the proper accounting structure was setup in MAGIC by DFA. We are always looking for opportunities to strengthen our internal controls and will begin a monthly reconciliation of capital assets to minimize errors like the one we self-reported this year.

Corrective Action Plan:

- A. While we had many controls in place, we believe performing a monthly reconciliation of capital assets will enhance our process.

- B. The Financial Management Director, Alison Brown and her staff as well as Asset Management Director, Julie Ethridge and her staff are responsible for this corrective action plan.
- C. This corrective action plan was implemented immediately.

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

Sincerely,



Melinda L. McGrath, PE
Executive Director

MLM:kyo

cc: Lisa Hancock, Deputy Executive Director/Administration
Alison Brown, Financial Management Director
Julie Ethridge, Asset Management Director

(This page left blank intentionally.)



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

Auditor's note to the Response from Management

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

MATERIAL WEAKNESS

Finding Number

Finding Heading

2015-015

**Controls Should Be Strengthened to Ensure Capital Assets are Reported
Timely and Accurately**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. The Mississippi Department of Transportation (MDOT) provided the Department of Finance and Administration (DFA) with a GAAP Management Representation letter, dated November 3, 2015, in which Management represented that the agency's financial statements were presented fairly in all material aspects and that all material transactions had been recorded in the accounting records. This letter included representations regarding any capital asset accounts. While the Office of the State Auditor (OSA) disagrees with the above detailed timeline of events, implications that DFA did not provide adequate assistance, and that OSA did not alert management of MDOT to material misstatements noted in the finding, the final responsibility of providing accurate and timely financial information for the ongoing operations of MDOT lies with the management of MDOT.

Deficiencies in this reporting were noted for Fiscal Year 2015, and require appropriate disclosure to the users of the Consolidated Annual Financial Report and to the federal grantor agency.

We also wish to place emphasis on finding number **2015-030** in which weaknesses regarding the filing of the Consolidated Annual Financial Report are addressed and Corrective Action Plans were submitted by the Department of Finance and Administration.

(This page left blank intentionally)



**MISSISSIPPI
DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS**

**Sam Polles, Ph.D.
Executive Director**

FINANCIAL AUDIT FINDINGS

April 18, 2016

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

Dear Mr. Pickering:

2015-036 Material Weakness – Audited Financial Statements Should Be Submitted in a Timely and Accurate Manner

Response: The Mississippi Department of Wildlife, Fisheries, and Parks (MDWFP) acknowledges that audited financial statements were not submitted in a timely manner. We attribute the delay to the statewide accounting system known as MAGIC (Mississippi's Accountability System for Government Information and Collaborations) which was implemented on July 1, 2014 for FY15.

The Department of Finance and Administration (DFA), which is responsible for the compilation of the States' Comprehensive Financial Accounting Report and which provides instructions on the materials needed for that report, did not provide training assistance to agencies on preparing the GAAP packets utilizing the MAGIC system until mid-October 2015. In prior years the GAAP packets were submitted by the first week in August so this training was at least 60 days later than the prior submission date and this was a contributing factor to our agency's delay in timely reporting. On numerous occasions, deadlines that were set by DFA had to be adjusted due to lack of information or system limitations.

The GAAP training session was not comprehensive and consisted mainly reviewing MAGIC trial balances. The training did not detail how agencies should verify the information nor did it explain how the accrual entries were made for the agencies. The training further stated that DFA "will promulgate policies for federal and other grant accounting" to be used for FY16, which indicates there were not rules in place for FY15. This lack of training was also a contributing factor to MDWFP's timely reporting.

The agency's external auditors began their audit work on the completed GAAP schedules in December. The MDWFP provided a training session by a third-party consulting firm to the external auditors to enable them to obtain reports from MAGIC without delays which may have occurred due to daily responsibilities of accounting staff.

(This page left blank intentionally.)



SINGLE AUDIT FINDINGS

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

April 19, 2016

Dear Mr. Pickering:

We have reviewed the single audit finding below in reference to our fiscal year 2015 audit. Listed below is our individual response and plan for corrective action:

Federal Award Findings and Questioned Costs

2015-034: Reporting

Finding Type: Noncompliance/Significant Deficiency

Program Tested: CFDA #93.767 State Children's Insurance Program and CFA #93.777, 93.778 Medicaid Cluster

Questioned Cost: None

Criteria:

The CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI (OMB No. 0938-0731) is required to be prepared quarterly, and submitted electronically to CMS within 30 days after the end of the quarter. The CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program (OMB No. 0938-0067) is required to be used in lieu of the SF-425, Federal Financial Report, prepared quarterly and submitted electronically to CMS within 30 days after the end of the quarter.

Condition and Cause:

During our testing, we noted two instances where the CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI and the CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program were not submitted electronically to CMS within 30 days after the end of the quarter.

Effect:

Failure to fully comply with the requirements outlined could result in action by CMS.

Recommendation:

Internal control policies and procedures should be adopted and followed to ensure that all CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI and all CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program are submitted electronically to CMS within 30 days after the end of the quarter.

Corrective Action Plan

2015-034: Reporting

Program Tested: CFDA #93.767 State Children's Insurance Program and CFDA #93.777, 93.778 Medicaid Cluster

Name(s) of Contact Person Responsible for Corrective Action: Phil Allen, Chief Financial Officer

Management Response and Corrective Action Planned:

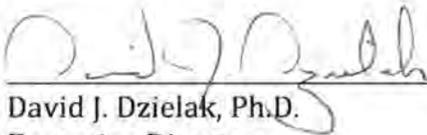
The management of the Division of Medicaid (DOM) concurs with the finding and has adopted and implemented internal control policies and procedures to provide for the timely submission of all CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI and all CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program within the 30 day required timeframe after the end of each quarter. In this case, DOM chose accuracy over timeliness on the noted reports, because the reports drive the federal financial participation. During the noted time period, the State of Mississippi implemented a new statewide accounting system. The noted delays were directly related to technical issues and reports availability associated with that new system. Despite internal control policies and procedures in place at DOM, submitting the CMS-21 and CMS-64 within 30 days after the end of the quarter may be delayed due to the reliance on third parties for required information. Medical service expenditure amounts are obtained from DOM's fiscal agent, administrative expenditures are obtained from the statewide accounting system, and indirect costs are allocated using a contractor's software system. Even with proper internal controls in place, if any of these systems are unable to supply DOM with timely, reliable information DOM may not be able to meet the 30 day deadline.

Statewide accounting system special reports were made available in April, 2015. As a result, DOM submitted the CMS-21 and CMS-64 for March 31, 2015 and June 30, 2015 in a timely manner.

Anticipated Completion Date:

DOM completed the corrective action plan before the March 31, 2015 quarter ending CMS-21 and CMS-64 were due to CMS.

Sincerely,



David J. Dzielak, Ph.D.
Executive Director

(This page left blank intentionally.)



STATE OF MISSISSIPPI
PHIL BRYANT, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
GLENN MCCULLOUGH, JR.
EXECUTIVE DIRECTOR

Financial Audit Management Report

March 22, 2016

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

Dear Mr. Pickering:

Stacey,

This letter is in response to the findings during the Financial Audit Findings of the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2015. Our response is as follows:

MATERIAL WEAKNESS

2015-013 Controls over GAAP Reporting of Loans Receivable Should Be Strengthened

Response:

MDA concurs with the finding.

Corrective Action Plan:

At the time the allowance for uncollectible accounts was set up, MDA still had equipment for sale and two other pending lawsuits that were available for recourse. This was the best estimate at the time. In future instances and based on the circumstances, MDA will use a conservative approach as required by GAAP when determining balances for uncollectible amounts. Also, MDA will notify the State Auditor's office of potential uncollectible loans that may affect financial

Honorable Stacey Pickering
March 22, 2016
Page 2 of 2

reporting. Since this was a unique situation, and at the time of an uncollectible account was set up there was a potential for recourse, there was no past precedence set for determining uncollectible accounts, and an acceptable method by the banking industry was used for the determination of uncollectible accounts, MDA made the best determination at the time for uncollectible accounts.

As for the dates on the Grenada Rail disbursement, this loan was being worked on by the agency along with several other concerned parties starting in early 2015. The original loan closing was anticipated to happen in June of 2015, this date was pushed back due to negotiations and when the revised loan closing was scheduled, agency staff inadvertently coded the expenditure to FY 2015.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Brian Daniel at (601) 359-2596.

Very truly yours,



Glenn McCullough, Jr.

GM:bd



OFFICE OF THE STATE TREASURER

LYNN FITCH

TREASURER

FINANCIAL AUDIT FINDINGS

March 31, 2016

The Honorable Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205

Dear Mr. Pickering:

In accordance with your correspondence dated March 22, 2016, the Office of the State Treasurer (OST) is providing the following response for the financial audit finding for the fiscal year ending June 30, 2015.

AUDIT FINDINGS:

Audit Finding Heading: **2015-014 Audit Report for the Mississippi Prepaid Affordable College Tuition Funds Should Be Submitted in a Timely Manner**

Response: **WE DO NOT CONCUR WITH THE AUDIT FINDING.**

The data necessary for OST to complete our audit report was not made available to OST by the Mississippi Department of Finance and Administration (DFA) until late October 2015. By way of comparison, as you will recall, that same necessary information was made available to OST in early July 2014 for our preparation of the audit report for fiscal year 2014. *This three and a half month delay in the availability of reliable financial information from DFA made completion of our report by any earlier date impossible.*

Based on when the financial information was available in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) for GAAP and audit reporting purposes, however, we contend that OST did turn around the MPACT audit report in a timely manner.

Preliminary GAAP trial balances for proprietary fund types were not developed in the MAGIC system and available for use by agency personnel in compiling the GAAP packages until late October 2015 for the fiscal year 2015 audit. The implementation and ongoing development of MAGIC is a responsibility of DFA, and therefore is outside of the control of OST with regard to the timeliness of necessary financial information.

Post Office Box 138 • Jackson, Mississippi 39205

1101 Woolfolk State Office Building • 501 North West Street • Jackson, Mississippi 39201

Telephone (601) 359-3600 • Telefax (601) 576-2560 • www.treasury.ms.gov

Furthermore, the DFA Executive Director, as well as DFA executive staff, had full knowledge and awareness that failures in the implementation of MAGIC would result in DFA not being able to properly provide reliable reports in a timely manner to OST. In fact, prior to the go-live date of MAGIC, OST executive staff, as well as myself, alerted the Governor's Office, Lieutenant Governor's Office, and Speaker of the House of the potential impending delays of the Comprehensive Annual Financial Report (CAFR) based on the failures in implementation of MAGIC.

As of the date of this response, it should be noted that the CAFR has not been issued and the Office of the State Auditor is still awaiting information from DFA.

During fiscal year 2015, enrollment in the MPACT program was re-opened and included a new plan type for new participants, all in accordance with plans by College Savings Mississippi (CSM) to make MPACT a better savings tool for Mississippi families and cost-neutral to Mississippi taxpayers. Because of these critical changes, however, the actuary needed additional financial information to value the two plans, Legacy and Horizon, separately. OST gathered this additional financial information within a reasonable timeframe based on the initial year of the operation of these two separate plans. Furthermore, the MPACT actuary and independent CPA firm worked diligently with OST to ensure that the actuary report and independent audit report were completed and provided to the CSM Board of Directors for approval in an expedited manner, at my request.

Under the circumstances, we strongly assert that the delay in OST's submission of the MPACT audit report:

- (1) is not a failure of the Office of State Treasurer personnel,
- (2) did not hinder the efficiency of the State Auditor's audit, and
- (3) is not the reason the CAFR has not been published timely in accordance with state law.

Any delays are a direct result of the failure of DFA to timely implement and develop accurate and complete financial reports in MAGIC for GAAP and audit purposes.

Corrective Action:

No corrective action is deemed necessary by the Office of the State Treasurer.

Sincerely,

Lynn Fitch
State Treasurer

cc: Mr. Kevin Upchurch, Executive Director, DFA



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

Auditor's note to the Response from Management

TREASURY

SIGNIFICANT DEFICIENCY

Finding Number

Finding Heading

2015-014

**Audit Report for the Mississippi Prepaid Affordable College Tuition Funds
Should be Submitted in a Timely Manner**

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. The comments do not provide adequate justification for the delay in providing information to the plan actuary. Trial balance information was readily available to OST in October 2015; however, plan information was not submitted to the actuary until February 2016. The Office of the State Auditor respectfully disagrees with OST and contends that the delay in reporting plan information to the actuary, thereby delaying the preparation of the CPA audit report for MPACT, directly contributed to the untimely filing of the State's Consolidated Annual Financial Report.

We also wish to place emphasis on finding number **2015-030** in which weaknesses regarding the filing of the Consolidated Annual Financial Report are addressed and Corrective Action Plans were submitted by the Department of Finance and Administration.

(This page left blank intentionally)

IV. INDICES



(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF FINANCIAL STATEMENT FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (by finding number)

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
2015-013	83	Mississippi Development Authority
2015-014	85	Treasury
2015-015	79	Transportation
2015-016	73	Revenue
2015-017	74	Revenue
2015-018	75	Revenue
2015-019	76	Revenue
2015-020	57	Corrections
2015-021	59	Education
2015-027	61	Finance and Administration
2015-028	62	Finance and Administration
2015-029	63	Finance and Administration
2015-030	64	Finance and Administration
2015-031	66	Finance and Administration
2015-032	66	Finance and Administration
2015-033	69	Marine Resources
2015-035	71	Public Safety
2015-036	81	Wildlife, Fisheries and Parks

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS (by State agency)

Corrections: Page 161
Education: Page 163
Finance and Administration: Page 169
Marine Resources: Page 193
Public Safety: Page 195
Revenue: Page 197
Transportation: Page 201
Wildlife, Fisheries and Parks: Page 209
Mississippi Development Authority: Page 215
Treasury: Page 217

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2015**

1. U.S. Department of Agriculture: Page 89
2. U.S. Department of Commerce: None
3. U.S. Department of Defense: None
4. U.S. Department of Housing and Urban Development: None
5. U.S. Department of the Interior: None
6. U.S. Department of Justice: None
7. U.S. Department of Labor: None
8. U.S. Department of Transportation: None
9. Appalachian Regional Commission: None
10. General Services Administration: None
11. National Foundation on the Arts and the Humanities: None
12. Small Business Administration: 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: None
17. National Archives and Records Administration: None
18. U.S. Department of Health and Human Services: Page 109
19. Corporation for National and Community Service: None
20. Executive Office of the President: None
21. Social Security Administration: None
22. Department of Homeland Security: None

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2015**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
5. Authority for Educational Television: None
6. Board for Community and Junior Colleges: None
7. Central Mississippi Residential Center: None
8. Corrections: None
9. Education: Page 89
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Gaming Commission: None
16. Governor's Office: None
17. Health: Pages 93, 109
18. Human Services: Pages 99, 111
19. Insurance: None
20. Library Commission: None
21. Marine Resources: None
22. Medicaid: Page 136
23. Mental Health: None
24. Military Department: None
25. Mississippi Development Authority: None
27. Oil and Gas Board: None
28. Public Safety: None
29. Public Service Commission: None
30. Rehabilitation Services: None
31. Secretary of State: None
32. Soil and Water Conservation Commission: None
34. Supreme Court: None
35. Transportation: None
36. Treasury: None
37. Veterans Affairs Board: None
38. 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.*

(This page left blank intentionally.)

STATE OF MISSISSIPPI

INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 2015

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
2015-001	115	Human Services
2015-002	118	Human Services
2015-003	111	Human Services
2015-004	101,123	Human Services
2015-005	104,129	Human Services
2015-006	126	Human Services
2015-007	120	Human Services
2015-008	134	Human Services
2015-009	106,132	Human Services
2015-010	128	Human Services
2015-011	122	Human Services
2015-012	99,113	Human Services
2015-022	91	Education
2015-023	89	Education
2015-024	98	Health
2015-025	93,109	Health
2015-026	96	Health
2015-034	136	Medicaid

(This page left blank intentionally.)

STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES TO FEDERAL AWARD FINDINGS
AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2015**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Central Mississippi Residential Center: None
8. Corrections: None
9. Education: Page 165
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Gaming Commission: None
16. Governor's Office: None
17. Health: Page 175
18. Human Services: Page 177
19. Insurance: None
20. Library Commission: None
21. Marine Resources: None
22. Medicaid: Page 211
23. Mental Health: None
24. Military Department: None
25. Mississippi Development Authority: None
26. Narcotics: None
27. Oil and Gas Board: None
28. Public Safety: None
29. Public Service Commission: None
30. Rehabilitation Services: None
31. Secretary of State: None
32. Soil and Water Conservation Commission: None
33. State Fire Academy: None
34. Supreme Court: None
35. Transportation: None
36. Treasury: None
37. Veterans Affairs Board: None
38. Wildlife, Fisheries and Parks: None

(This page left blank intentionally.)

V. ACKNOWLEDGMENTS



(This page left blank intentionally.)

ACKNOWLEDGMENTS

REPORT PREPARED BY:

Stacey E. Pickering, State Auditor
Patrick S. Dendy, CPA, Deputy State Auditor
Sallie B. Dier, CPA, Director, Financial and Compliance Audit Division
Stephanie Palmertree, CPA, CGMA, 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

Karlanne Coates, CPA
Donna Parmegiani, CPA

Supervisors

Lee Alford
Jason Ashley
Kevin Cribbs
Selena Davis, CPA
Alan Jarrett
Jeanne Julious
Thomas Wirt, CPA

Field Staff

Virginia Anderson	Katherine Landrum, CPA
Brianna Blair	Dana McMorris
Kortney Gaddy	Lisa Meade
Erin Hathorn	Carrie Middleton
David Hodges	Jeremy Miller, CPA
Kelly Holtsinger	John Newell
Kari Horn	Justin Reulet
Cheryl Johnston, CPA	Elaina Smith
Rick Kinnard	Elevia Tate

Information Systems Audit Staff

David Ashley, CISA, Director
LaDonna Johnson, CISA

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

(This page left blank intentionally.)

(This page left blank intentionally.)



Office of the State Auditor
Post Office Box 956
Jackson, Mississippi 39205-0956
www.osa.state.ms.us