



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

July 7, 2008

Teresa Oswalt, Director
Agricultural Aviation Board of Mississippi
124 North Dunn Street
Eupora, Mississippi 39744

Dear Ms. Oswalt:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Agricultural Aviation Board of Mississippi for the Fiscal Year 2007 and for the first ten months of Fiscal Year 2008. In these findings, the Auditor's Office recommends the Agricultural Aviation Board of Mississippi:

1. Establish a written policy for issuing refunds for licenses; and
2. Transfer funds timely to the state treasury.

The enclosed findings contain more information about our recommendations.

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

I appreciate the cooperation and courtesy extended by the officials and employees of the Agricultural Aviation Board of Mississippi throughout the review. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over the typed name and title.

Stacey E. Pickering
State Auditor

Enclosures

The Office of the State Auditor has completed its limited internal control and compliance review of the Agricultural Aviation Board of Mississippi for the year ended June 30, 2007 and for the first ten months of Fiscal Year 2008. The Office of the State Auditor's staff members participating in this engagement included Karlanne Coates, CPA, Geeta Foreman, and Lee Alford.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

We noted a matter involving the internal control over financial reporting and an instance of noncompliance that require the attention of management. These matters are noted under the headings **OTHER CONTROL DEFICIENCY** and **INSTANCE OF NONCOMPLIANCE WITH STATE LAWS**. A control deficiency 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 misstatements on a timely basis.

OTHER CONTROL DEFICIENCY

Agency Should Establish a Written Policy for Issuing Refunds for Licenses

Finding:

Testwork performed at the Agricultural Aviation Board of Mississippi for fiscal year 2007 revealed one instance in which the agency refunded the cost of a pilot's license in the amount of \$150 to a helicopter service for an employee who worked for the helicopter service for 45 days from the time the license was obtained. The agency has no written policies, rules, regulations, or laws for issuing refunds for licenses. Section 69-21-109, Miss. Code Ann. (1972), establishes guidelines that allow the agency to set its own rules and regulations; however, no written policies, rules or regulations have been set regarding the issuance of refunds for licenses. The failure to have a written policy on issuing refunds could result in refunds for licenses being improperly issued.

Recommendation:

We recommend the Agricultural Aviation Board of Mississippi establish a written policy for the issuance of refunds for licenses.

INSTANCE OF NONCOMPLIANCE WITH STATE LAWS

Funds Should Be Transferred Timely to the State Treasury

Finding:

During our review of 26 cash receipts at Agricultural Aviation Board of Mississippi for fiscal year 2007, we noted four instances in which the agency did not make deposits to the state treasury in a timely manner. These four instances ranged from nine to 21 days before deposits were received by the state treasury. Section 7-9-21, Miss. Code Ann. (1972), requires agencies to deposit funds into the state treasury by the end of the next business day following the day of collection. However, the Department of Finance and Administration, with the advice and consent of the State Treasurer, has provided for the weekly settlement of accounts by any state agency that collects less than \$1,000 in any given week. Failure to make timely transfers to the state treasury may result in the loss of investment earnings to the state.

Recommendation:

We recommend the Agricultural Aviation Board of Mississippi make timely transfers of funds to the state treasury.