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**MISSISSIPPI DIVISION OF MEDICAID
(A Division of the State of Mississippi)**

**Financial Schedules and Independent
Auditors' Reports on Program-Specific Audit Under
OMB Circular A-133**

Year Ended June 30, 2008

**Mississippi Division of Medicaid
(A Division of the State of Mississippi)**

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June 30, 2008**

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**INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT OF A FEDERAL
PROGRAM IN ACCORDANCE WITH THE PROGRAM-
SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133**

Mississippi Division of Medicaid
Jackson, Mississippi

We have audited the accompanying schedule of expenditures of federal awards for the Mississippi Division of Medicaid (MDOM) for the year ended June 30, 2008. This financial statement is the responsibility of MDOM's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit 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 plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Mississippi Division of Medicaid in conformity with accounting principles generally accepted in the United States of America.

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

Carr, Riggs & Ingram, LLC

Ridgeland, Mississippi
December 5, 2008

**Mississippi Division of Medicaid
(A Division of the State of Mississippi)**

**Schedule of Expenditures of Federal Awards
for Year Ended June 30, 2008**

Federal Grantor / Program Name	CFDA Number	Expenses
U.S. Department of Health and Human Services		
State Children's Insurance Program	93.767	\$ 132,962,386
Medicaid Cluster:		
State Survey and Certification of Health Care Providers and Suppliers	93.777	1,330,115
Medical Assistance Program	93.778	2,780,031,231
Total Medicaid Cluster		2,914,323,732
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	23,275,309
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	77,947
Medical Transformation Grants	93.793	306,836
Total Federal Awards		\$ 2,937,983,824

See accompanying notes to financial statement.

**Mississippi Division of Medicaid
(A Division of the State of Mississippi)**

**Notes to the Schedule of Expenditures of Federal Awards
for Year Ended June 30, 2008**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule includes all federal programs administered by the Mississippi Division of Medicaid. Federal programs included in the accompanying schedule are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
PROGRAM SPECIFIC AUDIT OPTION UNDER
OMB CIRCULAR A-133**

Mississippi Division of Medicaid
Jackson, Mississippi

Compliance

We have audited the compliance of the Mississippi Division of Medicaid (MDOM) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to the following programs funded by the U. S. Department of Health and Human Services: the State Children's Insurance Program, the Medicaid Cluster of Programs and the Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations Program (the "Programs Audited") for the year ended June 30, 2008. MDOM's federal Programs Audited are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of MDOM's management. Our responsibility is to express an opinion on MDOM's compliance based on our audit.

We conducted our audit 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 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 the Programs Audited occurred. An audit includes examining, on a test basis, evidence about the MDOM's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MDOM's compliance with those requirements.

In our opinion, the MDOM complied, in all material respects, with the requirements referred to above that are applicable to MDOM's Programs Audited for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Mississippi Division of Medicaid is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the MDOM's internal control over compliance with requirements that could have a direct and material effect on Programs Audited in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 MDOM's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Car, Rigg & Morgan, LLC

Ridgeland, Mississippi
December 5, 2008

Mississippi Division of Medicaid (A Division of the State of Mississippi)

Schedule of Findings and Questioned Costs For the year ended June 30, 2008

Section I - Summary of Auditors' Results

Financial Statements (issued separately)

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over programs audited:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of programs audited:

CFDA Number(s)

93.767
93.777, 93.778
93.779

Name of Federal Program or Cluster

State Children's Insurance Program
Medicaid Cluster
Centers for Medicare and Medicaid Services (CMS)
Research, Demonstrations and Evaluations

Section II – Financial Statement Findings

No items were reported.

Section III – Federal Award Findings and Questioned Costs

No items were reported.

Section IV – Prior Year Federal Award Findings and Questioned Costs

No items were reported.