



MISSISSIPPI DEPARTMENT OF EDUCATION

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

February 27, 2014

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

Dear Mr. Pickering:

In accordance with your correspondence dated February 5, 2014, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit finding for the fiscal year ending June 30, 2013.

13-12 Controls Should Be Strengthened Over Payments Made to Child Nutrition and Child and Adult Food Program Subrecipients.

Response: MDE concurs that in a small number of instances the contract status of subrecipient organizations was not reflected accurately in OCeaN. Of the 616 applications reviewed, OCeaN incorrectly reported the status of nine applications. However, there were no erroneous or invalid payments made to subrecipient organizations.

Corrective Action Plan:

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

The identified reporting and approval errors have been corrected by the division of Management Information Systems. Additionally, MDE is working with the Mississippi Department of Information Technology Services (ITS) to replace OCeaN with a newer system. The new system will provide vendor support, improved reporting and more stringent controls regarding payment approvals.

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

Scott Clements, Director, Office of Child Nutrition

C. Anticipated completion date for correction action.

January 2014

13-13 A Review Should Be Performed of Employee Approval Levels in the Statewide Automated Accounting System (SAAS)

Response: Although MDE concurs that a few key Accounting Office employees have entry and approval rights for specific transaction types in the accounting system, we have reviewed the approval levels of each employee annually and have provided written justification to the auditors which has been considered acceptable in prior audits with no written audit finding resulting. We have also informed the auditors of additional internal control procedures that are in place to ensure that one person does not enter a transaction and approve it, unless authorized by the Accounting Director in extraordinary cases. Further, the Statewide Automated Accounting System (SAAS) has been in place since 1989, and we are unaware of any instances in which MDE has been cited for the same person entering and approving a transaction during the 25 years of operation.

Corrective Action Plan:

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

On July 1, 2014, a new statewide accounting system will be implemented and SAAS will no longer be used to process accounting transactions. The Mississippi Accountability System for Government Information and Collaboration (MAGIC) security features will ensure that no individual has the ability to initiate and approve a transaction. Thus, this finding will be resolved.

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

James A. Hart, Accounting Director

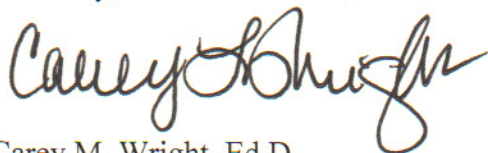
C. Anticipated completion date for correction action.

July 1, 2014

Honorable Stacey E. Pickering
February 27, 2014
Page 3

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Carey M. Wright". The signature is fluid and cursive, with the first name "Carey" being more legible than the last name "Wright".

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



MISSISSIPPI DEPARTMENT OF EDUCATION

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

March 21, 2014

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 accordance with your correspondence dated March 7, 2014, the Mississippi Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ending June 30, 2013.

Single Audit Findings:

Activities Allowed/Unallowed
Allowable Costs/Cost Principles

Immaterial Noncompliance Control Deficiency

- 10.560 State Administrative Expenses for Child Nutrition
Federal Award Number and Year: 5MS300907; 2012, 2013
Questioned Costs: \$50,884
- 2013-002 Controls Should Be Strengthened over Employee Time Certifications

Response:

For both employees without current certifications, the Office of Child Nutrition (OCN) staff was aware of the issue and was seeking signed forms when the request was received from the Office of the State Auditor (OSA). Obtaining the certifications was delayed due to unplanned, extended absences by both employees. Certifications were received from both employees verifying all employee time was charged to the proper program.

Corrective Action Plan:

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

OCN has implemented a new tracking log to document that certifications have been completed, to note any exceptions, and to prompt staff for follow up on incomplete certifications.

B. Name of the contact person(s) responsible for correction action.

Scott Clements, Director of the Office of Child Nutrition

C. Anticipated completion date for correction action.

January, 2014

Procurement and Suspension and Debarment

Immaterial Noncompliance Control Deficiency

10.560 State Administrative Expenses for Child Nutrition
Federal Award Number and Year: 5MS300907; 2011
Questioned Costs: \$30,950

2013-003 Controls Should Be Strengthened over the Procurement Process Related
To the State Administrative Expenses for Child Nutrition Program

Response:

The Mississippi Department of Education (MDE) concurs that current ITS rules indicate a CP-1 is required for this contract.

Corrective Action Plan:

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

OCN has obtained the necessary documentation related to the contract and requested a CP-1 from ITS.

B. Name of the contact person(s) responsible for correction action.

Scott Clements, Director of the Office of Child Nutrition

C. Anticipated completion date for correction action.

January, 2014

Activities Allowed/Unallowed
Allowable Costs/Cost Principles

Significant Deficiency

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
	Federal Award Number and Year: 5MS300326; 2012, 2013
	5MS300340; 2012, 2013
2013-004	Controls Should Be Strengthened over Payments Made to Child Nutrition and Child and Adult Care Food Program Subrecipients

Response:

MDE concurs that in a small number of instances the contract status of subrecipient organizations was not reflected accurately in OCeaN. Of the 616 applications reviewed, OCeaN incorrectly reported the status of nine applications. However, there were no erroneous or invalid payments made to subrecipient organizations.

Corrective Action Plan:

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

The identified reporting and approval errors have been corrected by MIS. Additionally, MDE is working with the ITS to replace OCeaN with a newer system. The new system will provide vendor support, improved reporting and more stringent controls regarding payment approvals.

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

Scott Clements, Director, Office of Child Nutrition

C. Anticipated completion date for correction action.

January 2014

Subrecipient Monitoring

Significant Deficiency

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program
	Federal Award Number and Year: 5MS300326; 2010, 2011, 2012
2013-005	Controls Should Be Strengthened Over Monitoring for OMB Circular A-133 Audits for Child Nutrition Subrecipients

Response:

OCN staff identified an error in A-133 reporting from the OCeaN claims and contract system. Summer Food Service Program funds were incorrectly identified in the OCeaN A-133 report.

Corrective Action Plan:

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

OCN staff met with MDE Management Information Systems (MIS) staff and identified the error. MIS, working with OCN contractors, has corrected the report so that all organizations requiring an A-133 audit will be included.

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

Scott Clements, Director, Office of Child Nutrition

C. Anticipated completion date for correction action.

January 2014

If 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 21, 2014

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 accordance with your correspondence dated March 7, 2014, the Mississippi Department of Education is providing the following responses and corrective action plans for the other audit findings for the fiscal year ending June 30, 2013

Other Audit Findings:

Reporting

Immaterial Noncompliance Control Deficiency

84.027 Special Education – Grants to States (IDEA, Part B)
84.173 Special Education – Preschool Grants (IDEA, Preschool)
Federal Award Number and Year: H027A110108; 2011
H173A110113; 2011

Questioned Costs: Not Applicable

Oth-06 Controls Should Be Strengthened Over Special Education State Level
Maintenance of Effort Requirement

Response:

MDE has worked with the US Department of Education's Office of Special Education Programs (OSEP) related to the methodology used for calculating the amount of the Special Education State Level Maintenance of Effort to ensure the annual calculation follows section 612(a)(18)(A) of the Individuals with Disabilities Education Act (IDEA). MDE will continue to accept the

support and technical assistance from OSEP to confirm the State's method for calculating the State Level of Maintenance of Effort made available for special education and related services through State Appropriations.

Corrective Action Plan:

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

MDE's Office of Special Education will review the calculations involved in the State appropriations made to State agencies for students with disabilities to ensure those calculations are in compliance with section 612(a)(18)(A) of the IDEA.

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

Ellen Davis Burnham, Office of Special Education

C. Anticipated completion date for correction action.

July, 2014

Subrecipient Monitoring

Immaterial Noncompliance

10.559 Summer Food Service Program

Federal Award Number and Year: 5MS300326; 2011, 2012

Questioned Costs: None

Oth-07 Controls Should Be Strengthened Over On-Site Subrecipient Monitoring for the Summer Food Service Program

Response:

OCN staff identified a weakness in internal communications regarding the Summer Food Service Program. Contract approval and sub-recipient monitoring were handled by two separate divisions, which in some instances resulted in a delay between contract approval and notification to monitoring staff.

Corrective Action Plan:

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

In School Year 2012-2013, OCN reorganized the Schools Support and CACFP (Child Care) divisions to better utilize resources and improve communications. With the reorganization,

division directors for each section are now responsible for contractual approval and monitoring of specific organizations. This system was implemented for SFSP 2013.

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

Scott Clements, Director, Office of Child Nutrition

C. Anticipated completion date for correction action.

September, 2013

Reporting

Control Deficiency

84.010	Title 1 Grants to Local Educational Agencies
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program
	Federal Award Number and Year:
	5MS300326; 2012, 2013
	S010A1200024; 2013
	H027A120108; 2013
	H173A120113; 2013

Oth-08 Controls Should Be Strengthened Over Federal Funding Accountability and Transparency Act (FFATA) Reporting

Response:

MDE concurs with the finding and has established internal controls to ensure that sub-award information is reported by the federal program offices in a timely and accurate manner. Due to the timing of the prior year audit report, the MDE had already completed the FFATA reporting for FY 12 and FY 13. Thus, the findings this year are aligned with those from the prior year. As denoted in the previous audit response, the issues that were reported were caused by federal reporting system issues that were beyond our control and the lack of a federal liaison to resolve system issues and to answer reporting questions. In spite of the difficulties encountered since FFATA inception in October 2010, a good faith effort has been made by Department staff to comply with the reporting requirements.

Corrective Action Plan:

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

During FY 14, the federal reporting duties were assumed by federal program staff who administer the programs, are knowledgeable of federal program requirements, and have designated federal liaisons to provide technical assistance.

B. Name of the contact person(s) responsible for corrective action.

Scott Clements, Office of Child Nutrition
Debbie Murphy, Office of Federal Programs
Kim Benton, Office of Special Education

C. Anticipated completion date for corrective action.

Corrective action was implemented during FY 14 as program offices assumed the FFATA reporting duties.

If 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".

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