



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

July 13, 2017

**Limited Internal Control and Compliance Review Management Report**

Ronnie Agnew, Executive Director  
Mississippi Authority for Educational Television  
3825 Ridgewood Road  
Jackson, MS 39211

Dear Mr. Agnew:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Mississippi Authority for Educational Television for the Fiscal Year 2016. In these findings, the Auditor's Office recommends the Mississippi Authority for Educational Television:

1. Strengthen controls over recording employee leave;
2. Prepare and approve purchase orders prior to the ordering of goods and services;
3. Ensure vendors are paid timely in accordance with state purchasing laws;
4. Record cash receipts in agency records and transfer funds to the state treasury timely; and,
5. Document the receipt, inspection and approval of goods.

Please review the recommendations and submit a plan to implement them by July 27, 2017. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

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.

I hope you find our recommendations enable the Mississippi Authority for Educational Television to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Authority for Educational Television throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephanie C. Palmertree".

Stephanie C. Palmertree, CPA, CGMA  
Director, Financial and Compliance Audit  
Enclosures

The Office of the State Auditor has completed its limited internal control and compliance review of the Mississippi Authority for Educational Television for the year ended June 30, 2016. The Office of the State Auditor's staff members participating in this engagement included Thomas Wirt, CPA, Jeremy Ashley, Dana McMorris, and Jeremy Miller, CPA.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of 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.

In performing our review, we noted a certain matter involving internal control over financial reporting and instances of noncompliance that require the attention of management. These matters are noted under the headings **OTHER CONTROL DEFICIENCY** and **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**. 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 and correct, misstatements on a timely basis.

## **OTHER CONTROL DEFICIENCY**

**Finding:** Controls over Recording Employee Leave Should Be Strengthened

**Executive Summary:** An instance was noted in which personal leave used by an agency employee was not properly recorded in the Statewide Payroll and Human Resources System (SPAHRs). Good internal controls dictate prompt review of leave balances in SPAHRs to ensure that personal leave is entered correctly into the system.

**Recommendation:** We recommend the Mississippi Authority for Educational Television strengthen controls over the leave entry process to ensure personal leave hours taken are properly recorded in SPAHRs.

**Finding Detail:** The Mississippi Authority for Educational Television records personal leave hours taken by employees into SPAHRs from employee leave slips. During testwork over 10 employees, we noted one instance in which 8 personnel leave hours taken by an employee as reported on their leave slip was not recorded in SPAHRs. Failure to properly record leave taken by agency personnel results in misstatement of employee leave balances in SPAHRs.

## **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**

**Finding:** Purchase Orders Should Be Prepared and Approved Prior to the Ordering of Goods and Services

**Executive Summary:** Multiple instances were noted in which purchase orders were not obtained prior to ordering goods or services. State law dictates purchases should be properly authorized.

**Recommendation:** We recommend the Mississippi Authority for Educational Television prepare and approve purchase orders prior to the ordering of goods and services.

**Finding Detail:** Section 7-7-23, Miss. Code Ann. (1972) requires purchase orders to be issued for goods and services paid from funds in the state treasury.

During our review of commodity and contractual service expenditures, we noted seven out of 55 items tested, or 13 percent, in which purchase orders were prepared after the invoices were received. Failure to create and approve a purchase order prior to the date the goods and services are received impedes the ability of the agency and the Department of Finance and Administration to maintain budgetary control over the agency's expenditures.

**Finding:** Vendors Should Be Paid Timely in Accordance with State Purchasing Laws

**Executive Summary:** Multiple instances were noted in which payments to vendors were not made timely. State law dictates a specified time period for timely payment of state obligations.

**Recommendation:** We recommend the Mississippi Authority for Educational Television ensure vendors are paid timely in accordance with state purchasing laws.

**Finding Detail:** Section 31-7-303, Miss. Code Ann. (1972) requires payment requests to be filed with the Department of Finance and Administration within 30 days of the receipt of the invoice and receipt, inspection and approval of the goods or services. Within the Mississippi Accountability System for Government Information and Collaboration (MAGIC), payment requests are filed with DFA when an agency releases the payment in MAGIC which routes the payment request to DFA for approval via electronic workflow.

During our review of commodity and contractual service expenditures, we noted seven out of 55 invoices tested, or 13 percent, in which payment requests were not made to the Department of Finance and Administration within 30 days. Failure to submit payment requests within 30 days of the receipt of the invoice and receipt, inspection and approval of the goods and services could result in additional expenses being incurred by the agency through finance charges.

**Finding:** Cash Receipts Should Be Properly Recorded in Agency Records and Timely Transferred to the State Treasury

**Executive Summary:** Multiple instances were noted in which receipts collected at the agency were not properly recorded in agency records nor transferred timely to the state treasury. State law dictates the time period allowable for agencies to transfer collections to the state treasury. Good internal controls dictate all receipts should be accurately recorded as soon as received.

**Recommendation:** We recommend Mississippi Authority for Educational Television make timely transfers of funds to the state treasury. In addition, we recommend the agency maintain a check log of all receipts collected and compare the log to deposits made into the state treasury.

**Finding Detail:** 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 date of collection. Good internal controls require

an agency to maintain a check log for receipts collected. The check log should be verified and agreed to deposits made into the state treasury.

During our review of 20 cash receipts, we noted:

- Seven instances in which cash receipts were not recorded on the agency's receipt log or other receipt documentation; therefore, it could not be determined if the agency timely transferred the funds to the state treasury;
- Two instances in which cash receipts were not timely deposited into the state treasury; and,
- The agency does not compare the receipt log to the deposit into the state treasury in order to ensure accuracy between receipts collected at the agency and deposits made into the state treasury.

Failure to make timely transfers to the state treasury may result in the loss of investment earnings and increases the risk of theft and/or misplacements of funds while held at the agency level. Failure to document cash receipts in a check log could lead to lost or misappropriated assets. Failure to agree the receipt log to state treasury deposits could result in inaccurate reporting to treasury due to agency errors.

**Finding:** Receipt, Inspection and Approval of Goods Should Be Documented

**Executive Summary:** Multiple instances were noted in which invoices were paid for goods that were not properly documented as received and inspected prior to payment. State law dictates goods and services should be properly inspected, approved and documented prior to remitting payment of invoices.

**Recommendation:** We recommend the Mississippi Authority for Educational Television require persons receiving goods to date-stamp the invoices or other documentation to indicate the received date of the invoice and proper receipt, inspection and approval of the goods prior to the disbursement of funds.

**Finding Detail:** Section 31-7-305, Miss. Code Ann. (1972) requires a record to be kept of the date of receipt of the invoice and dates of receipt, inspection and approval of goods or services. In addition, Subsection 29.60.51 of the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual states agencies may use a stamp format placed on the packing slip, delivery ticket or invoice which should include the condition of the merchandise, quantity received, date, and the signature of the employee receiving the merchandise from the vendor.

During our review of 25 commodity expenditures, we noted seven instances, or 28 percent, in which invoices did not have a stamped date indicating goods were inspected and approved upon receipt nor were initialed/signed and dated. Failure to verify goods or services received could result in payment of goods or services not yet received.

**End of Report**



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Thank you for working to move Mississippi forward by serving on the Board of Directors of the Mississippi Authority for Educational Television. I hope you find our recommendations enable the Mississippi Authority for Educational Television to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie C. Palmertree".

Stephanie C. Palmertree, CPA, CGMA  
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