



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

June 28, 2017

Limited Internal Control and Compliance Review Management Report

Carrie Rowden, MSBNHA, Executive Director
Mississippi State Board of Nursing Home Administrators
1755 Lelia Drive Suite 305
Jackson, MS 39216

Dear Executive Director Rowden:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Mississippi State Board of Nursing Home Administrators (MSBNHA) for the Fiscal Year 2016. In these findings, the Auditor's Office recommends the Mississippi State Board of Nursing Home Administrators:

1. Ensure funds are promptly deposited and transferred timely to the state treasury; and
2. Ensure compliance with laws over business meetings of the board.

Please review the recommendations and submit a plan to implement them by July 13, 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 State Board of Nursing Home Administrators to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi State Board of Nursing Home Administrators throughout the review. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in dark ink, reading "Stephanie C. Palmertree".

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

The Office of the State Auditor has completed its limited internal control and compliance review of the Mississippi State Board of Nursing Home Administrators for the year ended June 30, 2016. The Office of the State Auditor's staff members participating in this engagement included Deanna White, CPA and Elevia Tate.

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.

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 *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. 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.

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

OTHER CONTROL DEFICIENCY

Finding: Funds Should Be Deposited Promptly and Transferred Timely to the State Treasury

Executive Summary: In order to ensure compliance with State law, agencies should deposit funds with the State Treasury by the end of the next business day following the dates the funds are collected. During our audit, we noted several instances in which the Mississippi Board of Nursing Home Administrators did not timely deposit funds with the State Treasury. The untimely deposit and transfer of funds may result in the loss of investment earnings and increase the risk of theft and/or misplacement of funds while held at the agency.

Recommendation: We recommend the Mississippi State Board of Nursing Home Administrators ensure daily deposits are made to the agency's clearing account promptly upon receipt and timely transfers are made to the State Treasury in compliance with state law.

Finding Detail: The Mississippi Board of Nursing Home Administrators deposits non-electronic receipts into a collection/clearing account managed by the agency, which consists of receipts received in the mail or on location at the agency by check or money order. During review of ten (10) transfers to state treasury which consisted of multiple non-electronic cash receipts collected by Mississippi Board of Nursing Home Administrators, we noted the following issues for forty-seven (47) out of sixty-eight (68) cash receipts:

- Deposits to the Mississippi State Board of Nursing Home Administrators clearing account were not made in a timely manner (same day or next business day after receipt).
- Deposits to the state treasury were not made in a timely manner (within 2 business days of receipt)

Good internal controls dictate cash receipts be deposited into the agency's clearing account promptly to reduce the likelihood of loss or theft. In addition, Section 7-9-21, Miss. Code Ann. (1972), requires agencies to deposit funds with the State Treasury by the end of the next business day following the date the funds are collected. Section 21.10.20 of Mississippi Agency Accounting Principles (MAAP) Manual states at the request of any state agency,

the State Fiscal Officer, with the advice and consent of the Treasurer, may by regulation allow the agency to make weekly deposits to the treasurer if the agency is receiving less than a thousand dollars a week.

INSTANCE OF NONCOMPLIANCE WITH STATE LAW

Finding: Agency Should Comply with Laws over Board Business Meetings

Executive Summary: In accordance with State law, agencies should inform the Governor in writing when a Board member misses more than one consecutive meeting. During our audit, we noted one instance in which a Board member missed two consecutive meetings and the Governor wasn't notified. Failure to notify the Governor in writing when a board member misses two consecutive business meetings results in non-compliance with the State Code and does not allow the Governor to determine if board members have valid reasons for missing business meetings to ensure the business of the Mississippi State Board of Nursing Home Administrators is properly attended by those charged with governance.

Recommendation: We recommend the Mississippi State Board of Nursing Home Administrators ensure compliance with laws over business meetings of the board. The Governor should be notified in writing when any board member misses two consecutive regular business meetings of the board.

Finding Detail: During our review of the board minutes of nine business meetings at the Mississippi State Board of Nursing Home Administrators from April 2015 through May 2017, we noted one instance in which a board member missed two consecutive meetings. For this instance, the Governor was not notified in writing by the Chairman of the Board. Per discussion with agency personnel, circumstances such as health concerns was the reason for the board member missing two consecutive meetings, but no supporting documentation was available to review.

Section 73-17-7(2), Miss. Code Ann. (1972) requires the Chairman of the Board to notify the Governor in writing when any board member fails to attend two consecutive business meetings of the board. Any board member who does not attend two consecutive business meetings of the board is subject to removal by the Governor.

End of Report