



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

October 4, 2018

Limited Internal Control and Compliance Review Management Report

Jon Lewis, MAC, Chairman
Mississippi Athletic Commission
3247 Davis Road,
Terry, MS 39170

Dear Chairman Lewis:

Enclosed for your review are the Limited Internal Control and Compliance Review findings for the Mississippi Athletic Commission for the Fiscal Year 2017. In these findings, the Auditor's Office recommends the Mississippi Athletic Commission (MAC):

1. Strengthen Commission Oversight;
2. Strengthen Controls to Ensure Compliance with State Laws over Bank Accounts;
3. Strengthen Controls over Cash Receipts to Ensure Compliance with State Laws;
4. Strengthen Controls to Ensure Compliance with State Law and Regulations over Travel;
5. Strengthen Controls over Per Diem Expenditures to Ensure Compliance with State Law
6. Ensure Compliance with State Laws over Procurement Card Purchases;
7. Obtain Adequate Surety Bond Coverage;
8. Ensure Commission Meetings are Held and Recorded in Compliance with State Law; and
9. Ensure Vendors are Paid Timely in Accordance with State Purchasing Laws.

Please review the recommendations and submit a plan to implement them by October 12, 2018. 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 that you find our recommendations enable MAC to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of MAC throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,



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

The Office of the State Auditor (OSA) has completed its Limited Internal Control and Compliance Review of the Mississippi Athletic Commission (MAC) for the fiscal year ending June 30, 2017. The Office of the State Auditor's staff members participating in this engagement included Derrick Garner 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 internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be weaknesses. In accordance with Mississippi Code Annotated (1972) §7-7-211, 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.

We identified certain deficiencies in internal control over financial reporting that we consider to be a *material weakness* in internal control and certain deficiencies in internal control that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **MATERIAL WEAKNESS** and **SIGNIFICANT DEFICIENCIES**.

In addition, while performing our review, we noted certain instances of noncompliance with State laws that require the attention of management. These matters are noted under the heading **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**.

MATERIAL WEAKNESS

Finding 1: Commission Oversight Should Be Strengthened.

Executive Summary: The Mississippi Athletic Commission was created and has authority to make rules and regulations as are reasonable and necessary for the orderly regulation of the boxing, sparring and wrestling matches and exhibitions to be held in the State. The Commission is tasked to set reasonable license fees, to make rules and regulations and to promote said regulations; to hire and retain a secretary as necessary to conduct business; and to provide disciplinary provisions in accordance with Section 75-75-101 through 75-75-123 of *Mississippi Annotated Code (1972)*.

During our review, we noted a complete absence of Commission oversight regarding the daily operations of the Chairman of the Commission.

Recommendation: We recommend the members of the Mississippi Athletic Commission provide more effective and appropriate oversight of the Chairman of the Commission.

Detailed Analysis: The Mississippi Athletic Commission is comprised of three members appointed by the Governor. The Commission may appoint Deputy Commissioners to aid in the proper discharge of agency duties. At the order and approval of the Commission, the Chairman acts as the ex-officio for the recorder of permits and licenses and receives a salary out of the funds collected. However, the Chairman is not deemed a state employee for purposes of qualifying for state-funded retirement, group insurance, or

other fringe benefits. The Members does not employ a staff; therefore, the Chairman is also tasked with running the daily operations of the Athletic Commission.

During our review, we noted the Chairman was neither appropriately monitored nor did the Commission members take an active role in reviewing financial information, purchase, and travel, etc. The testwork performed at the Commission confirmed this lack of oversight due to the following exceptions detailed in the body of this report but provided in summary below:

- 1) Funds transferred to Treasury were not supported with a report detailing the monies collected and the deduction of approved expenditures by the Commission;
- 2) Procurement card statements were not independently reviewed;
- 3) Travel vouchers were not properly approved or documented to account for the Chairman being paid per diem when employed as the staff of the Athletic Commission

The lack of appropriate oversight and appropriate “tone at the top” leadership can lead to fraud, waste, and abuse.

MATERIAL WEAKNESS AND INSTANCE OF NONCOMPLIANCE WITH STATE LAW

Finding 2: Strengthen Controls to Ensure Compliance with State Laws over Bank Accounts.

Executive Summary: State law permits agencies to open bank accounts that must be maintained in accordance with regulations established by the Department of Finance and Administration (DFA) and the Office of State Treasurer (Treasury). We noted the Mississippi Athletic Commission was not compliant with several regulations. The agency did not submit the required bank authorization documentation to DFA and Treasury used to ensure proper authorization of the bank account and collateralization of public funds. In addition, the agency did not provide adequate documentation to support the cash receipt deposits and the amounts transferred to Treasury. Furthermore, we noted monthly reconciliations between bank statements and agency’s records were not being properly performed by the Commission.

Recommendation: We recommend the Mississippi Athletic Commission implement controls, policies, and procedures to ensure compliance with laws over their bank accounts. All filings to Treasury and DFA should be made timely and accurately in accordance with state law. We also recommend the agency perform monthly reconciliations between bank statements and agency records.

Detailed Analysis: During our review of the Mississippi Athletic Commission’s (MAC) clearing bank account, the auditor noted the following:

- The agency did not provide the Bank Authorization Form for the clearing account; therefore, auditor was unable to verify the authorized signor for checks written on the account and the minimum/maximum balance amount allowed to be maintained in account as approved by DFA and Treasury. DFA has no banking information on file for MAC.
- The agency did not submit a Public Depositors Annual Report for fiscal year 2017 to Treasury. Auditor noted that the last submission of this report was on September 3, 2013.
- The agency is not performing monthly reconciliations of the bank statements to the agency’s records.
- Chairman is responsible for receiving the checks in the mail or in hand, preparing the deposit to the bank, taking the deposit to the bank, signing the checks, maintaining physical custody of the checks as well as prepares checks to send to Treasury, and approving cash receipts.
- No supporting documentation was provided for the cash receipt deposits listed on the bank statements.

Section §7-9-12, Mississippi Annotated Code (1972), allows agencies to request authorization from the Department of Finance and Administration (DFA) and the Office of the State Treasurer (Treasury) to open a bank account to serve as a collection or clearing account. Each account established shall have a minimum balance to be fixed by Treasury.

Section §27-105-5(6)(b), Mississippi Annotated Code (1972), requires a public depositor to notify the State Treasurer, no later than thirty days after the end of the fiscal year, of its bank accounts that it has with a qualified public depository, including the balance in the accounts as of the fiscal year end. Good internal controls require reconciliations between bank statements and agency records to ensure all monies are accounted for.

Good internal controls require bank account duties be properly segregated to ensure no individual has the authority to process an entire transaction.

Failure to submit the Public Depositors Annual Report with accurate bank account information in a timely manner could result in Treasury not having information necessary to determine proper collateralization. In addition, failure to perform monthly reconciliations of the bank statement to the agency records may result in loss of funds and/or misuse of funds.

SIGNIFICANT DEFICIENCIES AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 3: Strengthen Controls over Cash Receipts to Ensure Compliance with State Laws.

Executive Summary: In order to ensure that State assets (i.e cash) are effectively and efficiently managed, timely and adequate supervision and control of those assets must be implemented. We found that the Mississippi Athletic Commission does not maintain a receipt log to record payments of fines and gate fees that are received by mail or at the athletic events. In addition, the agency did not maintain any supporting documentation for the receipts collected or the amounts transferred to Treasury.

Recommendation: We recommend the Mississippi Athletic Commission establish procedures to maintain a daily receipts log and ensure all incoming funds are entered immediately upon receipt. We further recommend the agency to maintain adequate documentation for the receipts collected and to ensure deposits to Treasury are made in accordance with state law.

Detailed Analysis: During our review of the Mississippi Athletic Commission's (MAC) clearing bank account, the auditor noted the following:

- The agency does not maintain a receipt log to record details of when checks are received. Therefore, we were not able to verify if the funds were deposited timely into the agency's clearing bank account.
- Agency did not maintain a report detailing the total monies collected and the authorized expenditures deducted to support the transfers made to Treasury in the amount of \$20,000 each on 12/20/2016 and 5/9/2017 from the clearing bank account.

Section §75-75-113, Mississippi Annotated Code (1972), Miss. Code Ann. (1972) requires the Chairman to pay over to the State Treasurer all moneys collected by him, less any disbursements or deductions authorized by law, and it shall be his duty to make a report of and pay into the State Treasury on or before the fifteenth day of January and July, in each year, all moneys received after first paying all salaries, office rent, accounts and other expenditures authorized by law and approved by the commission.

Good internal controls require all funds collected be entered into a daily receipts log immediately upon receipt and all supporting documentation be maintained. In addition, good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail documentation should include evidence on how transactions are initiated, processed, recorded and summarized.

Failure to maintain appropriate audit trail supporting documentation can lead to fictitious transactions and misappropriated assets.

Finding 4: Strengthen Controls to Ensure Compliance with State Travel Laws.

Executive Summary: In order to ensure compliance with state laws and regulations related to travel, the agency must strengthen internal controls over travel reimbursements. During our testing we noted multiple instances in which the Mississippi Athletic Commission did not comply with state rules and regulations.

Recommendation: We recommend the Mississippi Athletic Commission strengthen controls over travel reimbursements to ensure compliance with state laws and DFA's travel manual. In addition, we recommend that Mississippi Athletic Commission personnel reimburse the agency for improper mileage reimbursement.

Detailed Analysis: During our review of travel expenditures at the Mississippi Athletic Commission during Fiscal Year 2017, the auditor tested twenty (20) travel vouchers and noted the following:

- No schedule of events or itinerary was provided for the athletic events or conferences attended on travel vouchers to support legitimate agency business purpose.
- Five (5) instances in which the traveler's official residence was not documented on the travel voucher to support the start and ending points of the travel destinations. The total amount reimbursed for mileage was \$2,710.04.
- Two (2) instances in which the incorrect mileage reimbursement rate was used to calculate the total mileage reimbursement amount. This resulted in an underpayment of \$1.66 and overpayment of \$5.50.
- Two (5) instances in which mileage and per diem reimbursements to the Chairman were approved by the Chairman without additional approval from the Commission Members. These payments totaled \$3,278.48.
- One (1) instance in which the agency did not provide the invoice of the direct bill payment for lodging (hotel) expense.
- Three (3) instances in which the Chairman and Deputy Commissioner traveled to a convention or out-of-state without documenting prior approval.
- Three (3) instances in which there was no documentation of an independent review by an approving official for monthly charges on the travel card statements. Furthermore, agency did not provide the Public Coordinator Designation Request Form which is required to be filed with Department of Finance and Administration. This form lists the program coordinator and authorized users of the travel card. Without this form, auditor was unable to verify the authorized users of the Travel Card.

Section §25-1-83, *Mississippi Annotated Code (1972)*, states that prior written approval is required from the department head for employee attendance at any convention, association, or meeting in order for expenses to be reimbursed.

Section §25-3-41, *Mississippi Annotated Code (1972)*, states (in part), "...when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile...the mileage rate allowable to federal employees for the use of a privately owned vehicle while on official travel."

Rules set out by the Department of Finance and Administration's (DFA) Office of Purchasing, Travel & Fleet Management's (OPTFM) Travel Policy Rules & Regulations set out the following requirements:

- *Section 3.109.A* states that entities must establish in house guidelines which are consistent with OPTFM policy in their travel manual for mileage reimbursements of private vehicles submitted to DFA on travel vouchers. It is the agency's responsibility to maintain all documentation for audit purposes supporting rates reimbursed and the documentation must be available for DFA or the Office of the State Auditor if requested.
- *Section 1.100.N* states the travel status is the official status of an employee when away from the employee's Official Duty Station and Official Residence on official state business. Good internal controls require the Official Residence of the employee be documented on the travel voucher to ensure the mileage reimbursement is properly calculated.

DFA's *Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 13.20.10* states the following general guidelines for the completion of a travel voucher:

- The travel voucher must be verified, which means the verifier has confirmed that all appropriate receipts are attached, the trip optimizer has been completed correctly, and the total to be paid is correct.
- The Travel Voucher must have an approval signature, which is a third level of verification and certification that the Travel Voucher is correct.
- When conference hotel rooms are booked, a copy of the conference literature showing the rates must be attached to the Travel Voucher. Refer to the Travel Manual if rates are not shown.
- For all mileage claimed, the physical addresses of point of origin and all destinations must be included under Points of Travel.

Section 13.20.90 of the MAAPP manual requires the Commission member should complete a Travel Voucher indicating the per diem amount and any related travel and other expenses. Within 10 working days of the Pay Date, the agency should submit to BFC the SPAHRS "Official Travel Voucher Summary", the Travel Voucher, and supporting documentation.

DFA's OPTFM Travel Card Guidelines Policy & Procedures Manual Section 103 states, "The entity will designate a Program Coordinator and at least one alternate Program Coordinator to direct the operation of the program and the Office of Purchasing, Travel & Fleet Management and Issuer may rely on instructions from these individuals as properly authorized by the entity. A current list of authorized Program Coordinators will be provided to the Office of Purchasing, Travel and Fleet Management as required by using the Program Coordinator Designation Request Form."

Failure to maintain travel records or comply with state travel regulations could result in excessive travel costs being incurred by the agency or incorrect payment for reimbursement of travel expenses.

Finding 5: Strengthen Controls over Per Diem Expenditures to Ensure Compliance with State Law.

Executive Summary: The Chairman of the Mississippi Athletic Commission receives an annual salary for being the ex officio recorder of licenses and permits. In addition to the annual salary, the Chairman also receives per diem for the performance of official agency duties as a Commission member. The auditor noted multiple instances in which the Chairman did not properly document the agency duties performed to justify the per diem that was claimed on the travel voucher.

Recommendation: We recommend the Mississippi Athletic Commission strengthen controls over per diem expenditures by properly documenting details of the daily duties performed by the Chairman to support the amount of per diem claimed.

Detailed Analysis:

While performing testwork of twenty (20) travel vouchers at Mississippi Athletic Commission for fiscal year 2017, we noted five (5) instances in which the Chairman received per diem for performing office related duties in addition to his annual salary. These payments, totaling \$3,920, were paid out of the agency's fund, which is authorized in accordance to Section 75-75-107, *Mississippi Annotated Code* (1972). The purpose section of the travel voucher states only "Office" with no additional details or documentation to differentiate the duties performed as the Chairman or as the ex officio recorder of permits and licenses.

Section §25-3-41, *Mississippi Annotated Code* (1972), states (in part), "...when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile...the mileage rate allowable to federal employees for the use of a privately owned vehicle while on official travel."

DFA's *Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 13.20.90* requires the Commission member should complete a Travel Voucher indicating the per diem amount and any related travel and other expenses. Within 10 working days of the Pay Date, the agency should submit to BFC the SPAHRS "Official Travel Voucher Summary", the Travel Voucher, and supporting documentation.

Good internal control require the agency maintain documentation of the duties performed by the Commission members on file to provide an audit trail of the per diem expenses.

Finding 6: Agency Should Strengthen Internal Controls over Procurement Card Purchases to Ensure Compliance with State Law.

Executive Summary: During our review of Mississippi Athletic Commission's procurement card purchases we noted multiple instances in which the agency did not comply with state rules and regulations. Examples include no receipts and/or charge slips to support the purchases made on the procurement card; no evidence of an independent review; and no cardholder signature on the monthly procurement card statements. In addition, there were multiple instances in which sales tax was paid on products purchased with the procurement card.

Recommendation: We recommend the Mississippi Athletic Commission ensure compliance with the Department of Finance and Administration's (DFA) State Procurement Manual and Guidelines and State laws for procurement card purchases. Furthermore, we recommend the agency ensure monthly procurement card statements are reviewed and documented by an official approver independent of the individual initiating and making the purchases.

Detailed Analysis: During our review of nineteen (19) procurement card expenditures (ten bank card statements) at the Mississippi Athletic Commission, we noted the following instances:

- Agency did not provide charge slips or receipts to support the charges of goods/services totaling \$9,581.64 from the monthly procurement card statements.
- No evidence of an independent review by an approving official.
- Nine (9) instances in which sales tax in the amount of \$135.38 was paid on purchases totaling \$2,125.49.
- Six (6) instances in which there was no cardholder's signature on the monthly procurement credit card statement.

Section §27-65-105(a), *Mississippi Annotated Code (1972)*, states that governmental agencies are exempt from state sale tax. Section 31-7-9, Miss. Code Ann. (1972) states that the Office of Purchasing, Travel, and Fleet Management at the Department of Finance and Administration (DFA) may adopt purchasing regulations governing the use of procurement cards.

Section I A of the *Mississippi Procurement Card Guidelines* requires the agency to designate a program coordinator and adopt expenditure limits and purchase restrictions in accordance with the information detailed in these guidelines. Section I B (2) of the *Mississippi Procurement Card Guidelines* states, "It is required that the agency maintain a file with the statements and all applicable receipts and dispute documents." Section II A states, "the cardholder should obtain an itemized receipt/invoice for each purchase." Section II B (10) states, "upon receipt of the monthly statement, the cardholder shall review all charges to assurance accuracy, reconcile the statement with copies of the receipts, approve and sign the statement."

The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities require independent review of procurement card purchases. Official approver should not be same Commission member that initiates and makes the purchases with the procurement card. The lack of independent review of procurement card purchases may result in program funds being dispersed for inappropriate expenditures.

Failure to comply with the requirements of the State Procurement Manual and guidelines governing the Small Purchase Procurement Card program could allow for improper payments or purchases made by unauthorized personnel. Additionally, paying sales tax on purchases results in noncompliance with state laws. Furthermore, the lack of independent review of procurement card purchases may result in program funds being dispersed for inappropriate expenditures.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 7: Agency Should Obtain Adequate Surety Bond Coverage.

Executive Summary: During fiscal year 2017, the Mississippi Athletic Commission did not have adequate surety bond coverage for the recorder of permits and licenses.

Recommendation: We recommend the Mississippi Athletic Commission to strengthen its controls over transactions and records by obtaining adequate surety bond coverage for the Chairman with significant financial responsibilities and custody of records.

Detailed Analysis: During our review of Mississippi Athletic Commission's surety bonds, the auditor noted that the agency did not provide any documentation of adequate surety bond coverage for FY 2017. However, the agency did provide an insurance policy for coverage beginning on April 23, 2018 which is not included in the fiscal year under review.

Section §75-75-113, Mississippi Annotated Code (1972), states that the recorder of permits and licenses shall give a bond in the sum of Five Thousand Dollars (\$5,000) with a surety company authorized to do business in Mississippi, payable to the State of Mississippi, conditioned his faithful performance of his duties and pay over to the State Treasurer all monies collected by him, less any disbursements or deductions authorized by law.

Good internal controls require administrative and accounting personnel, especially those with access to cash and those involved in the authorizing or processing of transactions or custody of records or assets covered by a surety bond. In addition, good internal controls require agency's policies be maintained for review of agency's surety bond coverage.

Failure to maintain surety bond coverage for recorder of permits and licenses could result in unrecoverable losses for the State of Mississippi due to errors or fraud. Furthermore, without adequate documentation, there is not a clear audit trail to ensure the accuracy of the surety bond coverage.

Finding 8: Agency Should Ensure Commission Meetings are Held and Recorded in Compliance with State Law.

Executive Summary: Mississippi Athletic Commission did not have agency's Commission minutes available for review. The agency provided the Commission minutes three months following the auditor's request. In addition, we noted one instance in which a Commissioner missed two consecutive meetings and the Governor wasn't notified in accordance to State law.

Recommendation: We recommend the Mississippi Athletic Commission to strengthen its controls to ensure all Commission minutes are properly documented, approved, and made available for public viewing in accordance with State law. Furthermore, the Governor should be notified in writing when any Commissioner misses two consecutive regular Commission meetings.

Detailed Analysis: During our review of the Commission minutes of six business meetings held from April 2016 to June 2018, we noted the following:

- Commission minutes from the period of April 2016 to June 2018 were not readily available for public viewing when requested by the Auditor in April 2018. Agency did not provide the minutes from the Commission meetings until July 2018.
- One (1) instance in which a Commissioner missed two consecutive meetings and the Governor was not notified in writing by the Chairman, as is required by state law.

Section §25-41-11, Mississippi Annotated Code (1972), states in part, "the minutes shall be recorded within a reasonable time not to exceed thirty (30) days after recess or adjournment and shall be open to public inspection during regular business hours." Commission minutes are open to public inspection and, therefore, should be approved by signature of the Chairman to ensure the public the minutes are true and authentic documents.

Section §75-75-103, Mississippi Annotated Code (1972), states, "The Chairman shall notify the Governor in writing when any such member has failed to attend two (2) consecutive meetings."

Failure to maintain documentation of Commission minutes could result in inconsistent records maintained by the agency. In addition, failure to notify the Governor in writing when a Commissioner misses two consecutive business meetings results in non-compliance with the State Code and does not allow the Governor to determine if Commission have valid reasons for missing business meetings to ensure the business of the Mississippi Athletic Commission is properly attended by those charged with governance.

Finding 9: 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 Athletic Commission ensure vendors are paid timely in accordance with state purchasing laws.

Detailed Analysis: During our review of ten (10) contractual service expenditures at the Mississippi Athletic Commission, we noted three instances in which a payment, totaling \$3,000, was not made to a vendor within 30 days after receipt of invoice.

Section §31-7-303, Mississippi Annotated Code (1972), requires payments to be made within 30 days of the receipt of the invoice and receipt, inspection and approval of the goods or services.

Failure to submit payments within thirty days of the receipt of the invoice and receipt, inspection, and approval of the goods and services results in untimely payments to vendors.

End of Report



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Audit Compliance Review Findings

November 13, 2018

Shad White, State Auditor
Office of State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Finding 1: Commission Oversight Should Be Strengthened.

Response: Oversight should be strengthened.

Corrective Action Plan:

- a. The payment to treasury will detail what deposit transactions that are included in the treasury deposit. They are detailed by individual deposit but not by treasury transfer. Future treasury deposits will reflect specific deposits in the future. Corrective action will entail presenting the travel, deposits, procurement transactions, and other documents of financial nature at board meetings or emailing the documents out to board members or having secondary approvals noted on documents.
- b. Commission Chairman will be responsible with an additional board member signing off on financials each meeting.
- c. These actions will begin taking place moving forward.

Finding 2: Strengthen Controls to Ensure Compliance with State Laws over

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Bank Accounts.

Response: It is noted that banking document have not been properly filed.

Corrective Action Plan:

- a. The proper banking forms will be filed for compliance. Although cash receipts are minimal, the ones received will be fully detailed in spreadsheet form. The entire log of transactions will begin being detailed in a spreadsheet form with details.
- b. Commission Chairman will be responsible for the corrective action.
- c. Corrective action will take place by November 15, 2018.

Finding 3: Strengthen Controls over Cash Receipts to Ensure Compliance with State Laws.

Response: License fees are logged by the online payment database. The Commission does not maintain a log for gate fees and fines, however, the commission deposit them individually and notes on each bank statement what each deposit is for.

Corrective Action Plan:

- a. File all the deposit detail in a spreadsheet with details.
- b. Commission Chairman will be responsible for the corrective action.
- c. The process will begin immediately.

Finding 4: Strengthen Controls to Ensure Compliance with State Travel Laws.

Response: The commission notes that the details to travel vouchers must be



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improved and better detailed.

Corrective Action Plan:

- a. Each travel voucher will be twice approved and checked for fine details such as travel to exact location instead of city to city and for any updates in the mileage reimbursement amount to prevent any over or under charges. Specific detailing will be included with each travel voucher.
- b. Commission Chairman will be responsible for the corrective action along with each traveler
- c. The corrective action will begin immediately upon approval of future travel voucher approvals.

Finding 5: Strengthen Controls over Per Diem Expenditures to Ensure Compliance with State Law.

Response: It is noted that the per diem expenditure of "office" should be noted in more detail.

Corrective Action Plan:

- a. Attach a spreadsheet with the Chairman's per diem to detail the per diem.
- b. Commission Chairman will be responsible for the corrective action.
- c. corrective action will begin upon the next payment of per diem.

Finding 6: Agency Should Strengthen Internal Controls over Procurement Card Purchases to Ensure Compliance with State Law.

Response:

Corrective Action Plan:

- a. Each card statement will be filed monthly with the inclusion of the individual receipt for transaction. Each will be independently reviewed by a second party as stated in finding 1.



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- b. Commission Chairman will be responsible for the corrective action.
- c. Corrective action will begin upon receiving further procurement card statements.

Finding 7: Agency Should Obtain Adequate Surety Bond Coverage.

Response: The Commission does not deny there was a lapse in Surety Bond

Corrective Action Plan:

- a. The step to correct have been done.
- b. Commission Chairman is responsible for corrective action.
- c. Action has been taken and task completed.
- d. No further action needed.

Finding 8: Agency Should Ensure Commission Meetings are Held in Compliance with State Law.

Response:

Corrective Action Plan:

- a. Board Minute meetings will be posted on website after each meeting.
- b. Commission Chairman will be responsible for the corrective action.
- c. The corrective action will take place beginning with the next board meeting.

Finding 9: Vendors Should Be Paid Timey in Accordance with State Purchasing Laws.

Response: It is noted that some bills were paid outside the deadline of 30 days.

Corrective Action Plan:



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- a. All will be paid inside of 30 days.
- b. Commission Chairman will be responsible for the corrective action.
- c. The corrective action will take place immediately moving forward.

Sincerely,

A handwritten signature in black ink, appearing to be "Jon Lewis", written over a horizontal line.

Jon Lewis, Chairman