



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

June 7, 2018

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

LeeAnn Mordecai, Executive Director  
Mississippi State Board of Examiners for Licensed Professional Counselors  
239 North Lamar Street, Fourth Floor, Suite 402  
Jackson, MS 39201

Dear Ms. Mordecai:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Mississippi State Board of Examiners for Licensed Professional Counselors for the Fiscal Year 2017. In these findings, the Auditor's Office recommends the Mississippi State Board of Examiners for Licensed Professional Counselors:

1. Strengthen Controls Over Board Minutes;
2. Strengthen Internal Controls Over Expenditure Accounts; and
3. Strengthen Internal Controls Over Procurement Card Purchases;

Please review the recommendations and submit a plan to implement them by June 21, 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, individuals charged with governance and Members of the Legislature 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.

Mississippi State Board of Examiners for Licensed Professional Counselors

May 22, 2018

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I hope you find our recommendations enable the Mississippi State Board of Examiners for Licensed Professional Counselors to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is fluid and cursive, with the first name "Stephanie" and last name "Palmertree" clearly legible.

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 State Board of Examiners for Licensed Professional Counselors for the year ended June 30, 2017. The Office of the State Auditor's staff members participating in this engagement included Derrick Garner, CPA, Jeremy K. Ashley, and Greg Boyette.

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.

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

## **INSTANCES OF CONTROL DEFICIENCIES AND NONCOMPLIANCE WITH STATE LAW**

**Finding:** Agency Should Strengthen Controls to Ensure Compliance with State Laws over Board Minutes.

**Executive Summary:** The official records of the meetings of the Mississippi State Board of Examiners for Licensed Professional Counselors are not signed as formally authorized by the board. Board minutes should be signed by a designated official to ensure actions of the board are accurately and properly documented.

**Recommendation:** We recommend the State Board of Examiners for Licensed Professional Counselors ensure compliance with state laws over board minutes. Board minutes are to be recorded for all meetings and shall approved within thirty (30) days/next board meeting.

**Detailed Analysis:** During our review of thirty-three (33) board minutes, we noted the following:

- Two (2) instances in which the board minutes were not available, therefore no verification of compliance could be issued.

- Ten (10) instances in which the board minutes were not properly approved or approved timely (within thirty (30) days and/or at next board meeting).

Section 25-41-11, Miss. Code Ann. (1972) requires that minutes are kept of all meetings of a public body, whether in open or executive session. 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.

Failure to comply with state law and compliance could result in the board being closed to the public for a reason other than what is allowable by law.

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**Finding:** Agency Should Strengthen Controls to Ensure Compliance with State Purchasing Laws related to Expenditures.

**Executive Summary:** During our review of expenditure accounts for commodities and contractual services the auditor noted instances in which expenditures were not paid timely, nor were goods received approved upon receipt.

**Recommendation:** We recommend the State Board of Examiners for Licensed Professional Counselors require persons receiving goods or services date-stamp the invoices or other documentation to indicate the received date of the invoice and proper receipt of the goods or services prior to the disbursement of funds. Furthermore, we recommend the agency ensure vendors are paid timely in accordance with state purchasing laws.

**Detailed Analysis:** During our review of expenditures accounts for commodities and contractual services, we noted the following:

- Three (3) instances totaling \$6,074.45 in which the payments were not made within thirty (30) days of receipt of the invoice and goods and services as required by state law.
- Nine (9) instances in which invoices did not have a stamped date indicating goods were inspected and approved upon receipt nor were initialed/signed and dated.

Section 31-7-303, Miss. Code Ann. (1972) requires payment requests to be filed with the Department of Finance and Administration within thirty (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.

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.

Failure to verify goods or services received could result in payment of goods or services not yet received. Additionally, failure to submit payment requests within thirty (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 finances charges.

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**Finding:** Agency Should Strengthen Controls to Ensure Compliance with State Laws over Procurement Card Purchases.

**Executive Summary:** Multiple instances were noted in which purchases made with procurement cards were not properly documented. Additionally, we noted one instance in which sales tax was paid on a purchase.

**Recommendation:** We recommend the Board of Examiners for Licensed Professional Counselors ensure compliance with MS Procurement Card guidelines and comply with DFA policies and procedures for procurement card purchases. In addition, we recommend vendors be notified in advance of the agency's tax exempt status.

**Detailed Analysis:** During our review of twelve (12) procurement card expenditures at the Mississippi State Board of Examiners for Licensed Professional Counselors, we noted the following:

- One (1) instance in the amount of \$493.61 in which the agency paid sales tax on purchases.
- Three (3) instances totaling \$304.81 in which there were no receipt of goods or services on file at the agency to support charges as recorded on the monthly procurement credit card statements. Therefore, we were unable to verify these items as a legitimate business expense, nor could the authorized signor be verified.

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 II A of the *Mississippi Procurement Card Guidelines* requires the cardholder to obtain an itemized receipt/invoice for each purchase. Section II B requires the cardholder to assure that a list of the items purchased (either in the form of a detailed sales receipt or an order description) is reviewed and confirmed by the cardholder. Section 27-65-105(a), Miss Code Ann. (1972) states that governmental agencies are exempt from state sale tax.

Failure to comply with the requirements of the state procurement manual and guidelines governing the Small Purchase Procurement Card program could allow improper payments to be made or purchases to be made by unauthorized personnel.

**End of Report**



June 21, 2018

**Mississippi State Board of Examiners  
for Licensed Professional Counselors**

Honorable Stacey E. Pickering  
State Auditor  
PO Box 956  
Jackson, MS 39205-0956

**Limited Internal Control and Compliance Review**

Dear Mr. Pickering:

The Mississippi State Board of Examiners for Licensed Professional Counselors appreciates the opportunity to respond to the Limited Internal Control and Compliance Review conducted by your office. Your staff was professional and courteous during this review, and we welcomed having the opportunity to learn how we can ensure best practices are implemented and internal controls are strengthened for the agency.

**Finding:** Agency should strengthen controls to ensure compliance with state laws over Board minutes.

**Response:** It was the Board's understanding that the requirement to sign minutes at "the next Board meeting" referred to the next regularly scheduled monthly meeting, and special called meeting or hearings were exempt from conducting routine business items such as signing prior meeting minutes. In several of the instances noted, the minutes were reviewed at the next scheduled meeting; however, could not be signed as they contained errors.

**Corrective Action:** The Board has implemented a new practice that minutes will be approved and signed at the next meeting regardless of the type of meeting that is held. Additionally, the Board has instituted a procedure to approve minutes "as corrected" if needed and allow the Secretary to sign the corrected minutes when they are available.

**Responsible Person for Corrective Action:** The Board's Secretary will be responsible for ensuring Board minutes are signed at the next meeting or when they have been corrected.

**Finding:** Agency should strengthen controls to ensure compliance with state purchasing laws related to expenditures.

**Response:** The auditor's review noted that there were three payments totaling \$6,074.45 which were not paid within 30 days of receipt. Only one of these payments, totaling \$615.45, was paid later than the state law, which requires vendors to be paid within 45 days. This overdue payment occurred due to confusion associated with a vendor submitting incorrect items relating to a purchase order.

The Board was under the assumption that the provision for filing items with the Department of Finance and Administration within 30 days was a means to ensure vendors were paid within 45-day as required by law. The provisions of the 45-day payment were met in all cases except one where extenuating circumstances existed.



The auditor also noted 9 instances where invoices did not contain a notation of inspection and approval on the invoice as provided in Section 29.60.51 of the Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual and MS Code Section 31-7-205. The Mississippi code section cited states all public bodies of the state shall keep a record of the dates of receipt, inspection and approval of the goods or services. The MAAPP Manual, which generally provides procedures for the carrying out the law, states that the purpose of receiving reports are "designed to record that merchandise is received, to record the quantity received, and to place the responsibility on an employee for receiving merchandise." The state accounting system (MAGIC) documentation, which were believed to supersede the MAAPP Manual, indicate that the Goods Receipt transaction in MAGIC serves as the required documentation for recording the quantity and date that goods were received. In each of these nine instances, a good receipt transaction was entered into MAGIC.

**Corrective Action:** The Board receives monthly financial statements which list all payments. The review of these reports generally has prevented late payments from occurring. The Board will begin to review all open purchase orders to determine if there are any items unpaid. The enhanced monthly financial reporting will ensure that payments will be made timely in the future.

The Board will continue to utilize the goods receipt feature in MAGIC to record when items are received; however, procedures have been instituted so that the actual date the goods are received will be recorded by the Board staff and that will be the date recorded in MAGIC.

**Responsible Person for Corrective Action:** The Board's Executive Director, LeeAnn Mordecai, will be responsible for ensuring timely payments are made.

**Finding:** Agency should strengthen controls to ensure compliance with state laws over procurement card purchases.

**Response:** The Auditor's review notes one instance in which sales tax was paid on a purchase. Although the entire procurement card purchase was \$493.61, only \$1.35 in taxes was erroneously paid. It was determined at the time the invoice was paid that the amount paid in taxes was immaterial and it would take longer to correct the issue than the benefit received. There were also three instances noted where the receipt was not presented to support a credit card charge.

**Corrective Action:** The Board has begun requiring that the DFA Procurement Card Missing Document Affidavit form be submitted for any receipt that is unavailable, including food receipts, and will be provided as support for the purchase. The Board has also begun requiring the cardholder to approve the purchases by initialing the card statement and each corresponding receipt prior to submitting it to the fiscal agent for payment.

**Responsible Person for Corrective Action:** The Board's Executive Director, LeeAnn Mordecai, will be responsible for ensuring taxes are not included when purchases are made and for maintaining receipts of all credit card purchases. She will also be responsible for approving purchases made on the procurement card.

Sincerely,



LeeAnn Mordecai

Executive Director, Mississippi Board of Examiners for Licensed Professional Counselors