



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

July 20, 2018

Limited Internal Control and Compliance Review Management Report

John Askew, Ph.D., Board Chairman
Mississippi Board of Psychology
PO Box 20
Jackson, MS 39205

Dear Dr. Askew:

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

1. Strengthen Controls to Ensure Compliance with State Law over Procurement Card Purchases;
2. Strengthen Controls to Ensure Compliance with State Purchasing Laws; and
3. Strengthen Controls to Ensure Compliance with State Law over Bank Accounts and Cash receipts.

Please review the recommendations and submit a plan to implement them by July 27, 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.

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

Sincerely,

A handwritten signature in blue 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 Board of Psychology for the year ended June 30, 2017. The Office of the State Auditor's staff members participating in this engagement included Derrick Garner, CPA, and Carrie Middleton.

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.

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

Finding 1: 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 signed by the cardholder or purchaser at the agency. The *State Procurement Card Guidelines* and the *State Procurement Manual* require that purchases made with procurement cards be confirmed in writing by the cardholder with a printed name and signature.

Recommendation: We recommend that Mississippi Board of Psychology to strengthen controls to ensure compliance with the *State Procurement Card Guidelines* by having cardholders sign or initial receipts related to procurement card purchases in order to ensure that only the authorized procurement cardholder uses the procurement card.

Detailed Analysis: Based on testwork performed over ten (10) procurement card transactions, we noted ten (10) instances totaling \$5,195.67 in which there was no signature on the charge slip to determine if the purchases were made by an authorized user.

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 10.112.04 (5) of the *State Procurement Manual* requires that a list of items purchased (either in the form of a detailed sales receipt or an order description) be reviewed and confirmed in writing by the cardholder. This list should have the cardholder's printed name and/or signature. Failure of the cardholder to initial/sign receipts for purchases could allow improper payments to be made or purchases to be made by unauthorized personnel.

Finding 2: Strengthen Controls to Ensure Compliance with State Purchasing Laws.

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 mandates that goods and services should be properly inspected, approved and documented prior to remitting payment of invoices. Contractual services invoices did not have a stamped date indicating goods were inspected and approved upon receipt, nor were the invoices initialed/signed and dated. Auditors also noted one instance in which payments were not made within 30 days after receipt of invoice as required by state law.

Recommendation: We recommend that Mississippi Board of Psychology strengthen controls to ensure individuals receiving goods to date-stamp the invoices or initial and date the invoice indicating the received date of the invoice and proper receipt, inspection and approval of the goods prior to the disbursement of funds. A record of receipt date should be visible on the invoice. We also recommend that the Mississippi Board of Psychology strengthen controls related to contractual services expenditures to ensure that payments are made timely.

Detailed Analysis: Based on testwork performed on contractual services and commodity expenditure transactions, we noted the following problems:

- Ten (10) commodity instances in which the invoice (UMB card invoice) and five (5) receipts totaling \$2,866.02 did not have a stamped date indicating goods were inspected and approved upon receipt nor were the invoices initialed/signed and dated.
- Fifteen (15) contractual services invoices totaling \$16,852.44, did not have a stamped date indicating goods were inspected and approved upon receipt nor were the invoice initialed/signed and dated.
- One (1) instances in which the payment of \$556.19 was not made within 30 days of receipt of goods/services (UMB invoice).

Section 31-7-305, Miss. Code Ann (1972) requires a record to be kept of the date of the 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 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.

Section 31-7-303 of the Mississippi Code of 1972 states that the requisition for payment of an invoice submitted to a public body and required by law to be filed with the State Fiscal Management Board shall be filed with the State Fiscal Management Board not later than thirty (30) days after receipt of the invoice and receipt, inspection and approval of the goods or services, except that in the case of a bona fide dispute the requisition for payment shall contain a statement of the dispute and authorize payment only in the amount not disputed.

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

Executive Summary: Multiple instances were noted in which checks received at the agency were not deposited timely into the agency's clearing bank account. In addition, transfers from the agency's bank account to the state treasury were not made timely in accordance with state law.

Recommendation: We recommend the Mississippi Board of Psychology strengthen controls ensure collections are deposited into the agency's clearing account promptly upon receipt and transfers to the state treasury are made timely in compliance with state law.

Detailed Analysis: During our review of cash receipt transactions in MAGIC collected by the Mississippi Board of Psychology during fiscal year 2017, we noted the following problems:

- Four (4) deposits of payments totaling \$8,919.23 received in the office were not deposited into the agency's clearing bank account timely. The range of time from receipt at the agency until deposit to the bank account was approximately 3 to 5 business days.
- Seven (7) deposits of payments totaling \$18,021.54 received in the office were not transferred to the state treasury timely after they were deposited into the agency's clearing bank account. The range of time from deposit into the agency bank account until transferred to the state treasury ranged from 8 to 33 business days.

Good internal controls dictate cash receipts should 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. 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.

End of Report



MISSISSIPPI
BOARD OF
PSYCHOLOGY

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COMPLIANCE REVIEW FINDINGS

Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

July 30, 2018

Dear Mr. Pickering:

After careful review of the compliance review management report, the following is our response to the audit findings:

AUDIT FINDINGS:

Strengthen Controls to Ensure Compliance with State Laws over Bank Accounts and Cash Receipts

Response:

The agency does concur with the individual finding and recommendation.

Corrective Action Plan:

1. An MOU has been signed with DFA to handle accounting functions
2. Checks will be delivered to DFA by the Board for deposit by the end of the next business day
3. DFA personnel will deposit funds into the state treasury fund
4. Contact person for corrective action – Amy Mason
5. All individuals involved should be notified and plan implemented by August 15, 2018

Sincerely,

A handwritten signature in black ink that reads "John H. Askew, Ph.D." in a cursive script.

John H. Askew, Ph.D.
Chair
Mississippi Board of Psychology



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Jackson, MS 39205-0956

July 30, 2018

Dear Mr. Pickering:

After careful review of the compliance review management report, the following is our response to the audit findings:

AUDIT FINDINGS:

Strengthen Controls to Ensure Compliance with State Laws over Procurement Card Purchases

Response:

The agency does concur with the individual finding and recommendation.

Corrective Action Plan:

1. An MOU has been signed with DFA to handle accounting functions
2. Authorized procurement cardholder MUST sign/date all receipts related to procurement card purchases
3. DFA personnel will audit procurement receipts for proper signatures
4. Contact person for corrective action – Amy Mason
5. All individuals involved should be notified and plan implemented by August 15, 2018

Sincerely,

A handwritten signature in black ink that reads "John H. Askew, Ph.D." in a cursive script.

John H. Askew, Ph.D.
Chair
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July 30, 2018

Dear Mr. Pickering:

After careful review of the compliance review management report, the following is our response to the audit findings:

AUDIT FINDINGS:

Strengthen Controls to Ensure Compliance with State Purchasing Laws

Response:

The agency does concur with the individual finding and recommendation.

Corrective Action Plan:

1. An MOU has been signed with DFA to handle accounting functions
2. Invoices will be date stamped to show the date received
3. Invoices will show date goods received in good order
4. Invoices will have a signature/date from the Treasurer showing approval of payment
5. DFA personnel will audit invoices for proper signatures and dates
6. DFA personnel will process invoices within 30 days of receipt
7. Contact person for corrective action – Amy Mason
8. All individuals involved should be notified and plan implemented by August 15, 2018

Sincerely,

A handwritten signature in black ink that reads "John H. Askew, Ph.D." in a cursive script.

John H. Askew, Ph.D.
Chair
Mississippi Board of Psychology