



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

February 1, 2018

Financial Audit Management Report

Dr. Sam Polles, Ph. D.
Executive Director
Mississippi Department of Wildlife, Fisheries, & Parks
1505 Eastover Drive
Jackson, MS 39211

Dear Dr. Polles:

Enclosed for your review are the financial audit findings for the Mississippi Department of Wildlife, Fisheries, & Parks for the Fiscal Year 2017. In these findings, the Auditor's Office recommends the Mississippi Department of Wildlife, Fisheries, & Parks:

- 1) Strengthen controls to ensure compliance with laws and regulations regarding the timely preparation of agency financial reports;
- 2) Strengthen controls over the recording of capital assets; and
- 3) Strengthen controls over cash receipts.

Please review the recommendations and submit a plan to implement them by February 16, 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.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Department of Wildlife, Fisheries, & Parks' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mississippi Department of Wildlife, Fisheries, & Parks' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

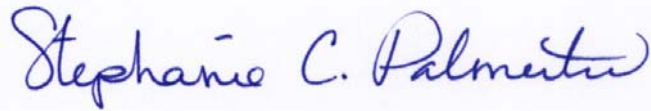
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I hope you find our recommendations enable the Department of Wildlife, Fisheries, & Parks to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Wildlife, Fisheries, & Parks 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". The signature is written in a cursive style with a large initial 'S' and a long, sweeping underline.

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

FINANCIAL AUDIT MANAGEMENT REPORT

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi Department of Wildlife, Fisheries, & Parks for the year ended June 30, 2017. These financial statements will be consolidated into the State of Mississippi's *Comprehensive Annual Financial Report*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Office of the State Auditor's staff members participating in this engagement included Donna Parmegiani, CPA, Deanna White, CPA, Elevia Tate, Brianna Blair, and Shavonda Lott.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. 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.

Internal Control over Financial Reporting

In planning and performing our audit of selected accounts included on the financial statements, we considered the Mississippi Department of Wildlife, Fisheries, & Parks' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on these accounts, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Department of Wildlife, Fisheries, & Parks' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the following paragraphs, we identified certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

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 *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 consider the deficiency identified in this letter as item 2017-001 to be a material weakness.

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. We consider the deficiencies identified in this letter as items 2017-008 and 2017-009 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Department of Wildlife, Fisheries, and Parks are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that requires the attention of management identified in this letter as item 2017-009.

MATERIAL WEAKNESS

Finding and Recommendation

Material Weakness

2017-001 Controls Should Be Strengthened to Ensure Compliance with Laws and Regulations Regarding the Timely Preparation of Agency Financial Reports

Repeating Finding No

Criteria *Section 27-104-4, Miss. Code Ann. (1972)* requires each state agency to prepare annual financial statements at such times as determined by the State Fiscal Officer. The State Fiscal Officer is required to combine the financial statements into a comprehensive annual financial report (CAFR) and provide it to the State Auditor for postauditing. The law further requires the CAFR be published within six months after the June 30 close of the fiscal year. In addition, the Government Finance Officers Association (GFOA) requires CAFRs to be submitted within six months of the government's fiscal year end.

Condition During our review of financial reporting at the Mississippi Department of Wildlife, Fisheries, and Parks (MDWFP), we noted agency personnel did not prepare or submit their financial reports (i.e. GAAP packet) for funds 8855000000 and 8855300000 in a timely manner. The deadline for turning in GAAP packets established by the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) was September 6, 2017. However, the MDWFP GAAP packet was not submitted until September 22, 2017.

Cause Unknown

Effect The failure of agency personnel to prepare their GAAP packet for funds 8855000000 and 8855300000 in a timely manner contributed to the CAFR not being published in accordance with state law and hindered the efficiency of the audit of the State of Mississippi's financial statements. In addition, these delays could result in the state not being awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA. Receiving GFOA's certificate increases the likelihood the credit agencies or other stakeholders may consider the state's financial statements in a positive manner. The timeliness of the CAFR being published impacts its relevance to the various users of the CAFR.

Recommendation We recommend the Mississippi Department of Wildlife, Fisheries, and Parks implement procedures to ensure the timely completion of their GAAP packet in order to help ensure the CAFR is published in accordance with state law and that the audit of the State of Mississippi's financial statements is performed in an efficient manner.

SIGNIFICANT DEFICIENCIES AND IMMATERIAL NONCOMPLIANCE

Finding and Recommendation

Significant Deficiency

2017-008 Controls Should Be Strengthened over the Recording of Capital Assets

Repeating Finding No

Criteria Good internal controls require that expenses be properly classified and purchases of assets be properly recorded. In addition, Section 23.10.20 of the Mississippi Agency Accounting Principles (MAAP) Manual states that all land should be reported in accordance with Generally Accepted Accounting Principles (GAAP).

Condition During our testing of Mississippi Department of Wildlife, Fisheries, and Parks (MDWFP) capital outlay account we selected twenty-five capital outlay expenditure transactions and noted ten instances in which land was purchased in fiscal year 2017 and was not properly recorded as a capital asset in the Mississippi Accountability System for Government Information and Collaboration (MAGIC).

Cause Agency was unaware of the procedures for adding land purchases as an asset since the implementation of MAGIC.

Effect The failure to properly record capital assets could result in expenses being overstated and assets being understated in the financial statements.

Recommendation We recommend the Mississippi Department of Wildlife, Fisheries, and Parks strengthen controls over the recording of capital assets. Procedures should be reviewed and communicated to accounting personnel to ensure all assets are properly recorded in MAGIC and appropriately set to depreciate, as necessary.

Significant Deficiency

Immaterial Noncompliance

2017-009 Agency Should Strengthen Internal Controls over Cash Receipts

Repeat Finding No

Criteria Section 7-9-21 of the Mississippi 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.

Condition During our testing of five weeks of License, Fees, and Permits revenue collected by the Mississippi Department of Wildlife, Fisheries and Parks for fiscal year 2017, we noted five instances in which the Mississippi's Accountability System for Government Information and Collaboration (MAGIC) entry and transfer to the state treasury was not made in a timely manner after the receipt of revenue. The range of time from the date the revenue was collected until the agency personnel entered the receipt into MAGIC and transferred the money to the State

Treasury was approximately one to three weeks, with one instance being approximately three months late.

Cause

Unknown

Effect

The untimely 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 Department of Wildlife, Fisheries, and Parks strengthen controls to ensure compliance with State law and to make sure transfers to the State Treasury and the entry of the revenue into MAGIC are performed timely.

End of Report