

State of Mississippi

Single Audit Report

for the Fiscal Year Ended June 30, 2017

MISSISSIPPI



Stacey E. Pickering

State Auditor

Office of the State Auditor

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

April 20, 2018

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

I am pleased to finally submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2017. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 of the U.S. Code of Federal Regulations Part 200)*, and the State of Mississippi's audit requirements.

As you know, both the Single Audit Report and the Comprehensive Annual Financial Report (CAFR) for the State were significantly late for the third year in a row. The CAFR is due to the Government Finance Officer's Association (GFOA) by December 31st; and the Single Audit is due to the Federal Clearing House by March 31st. The Department of Finance and Administration (DFA) was forced to request multiple extensions for these reports due to the inability of State Agencies to provide required information timely to both DFA and my office. These agencies were ill prepared for their duties as it pertains to accounting and audit functions.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data.

While I am pleased to report that, for the thirtieth consecutive year, DFA was awarded the Government Finance Officers Association of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting, it is important to note that this award is bestowed on DFA for its adherence to standards when compiling the report, and does not consider the actual financial condition of the state.

Additionally, it is important to note that my office issued an unmodified opinion on those financials, but that in order to do so, multiple significant adjustments to the financial reports submitted by state agencies were required. I would encourage you to review the audit findings issued by my office and other independent CPA firms. These audit findings are a vital part of our report as they acknowledge weaknesses existing in our state agencies that should be addressed by management and those charged with governance.

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2017 and our report thereon, dated February 16, 2018, has been issued under separate cover and is available electronically at <http://www.dfa.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

The Governor, Members of the Legislature
And Citizens of the State of Mississippi
Page 2

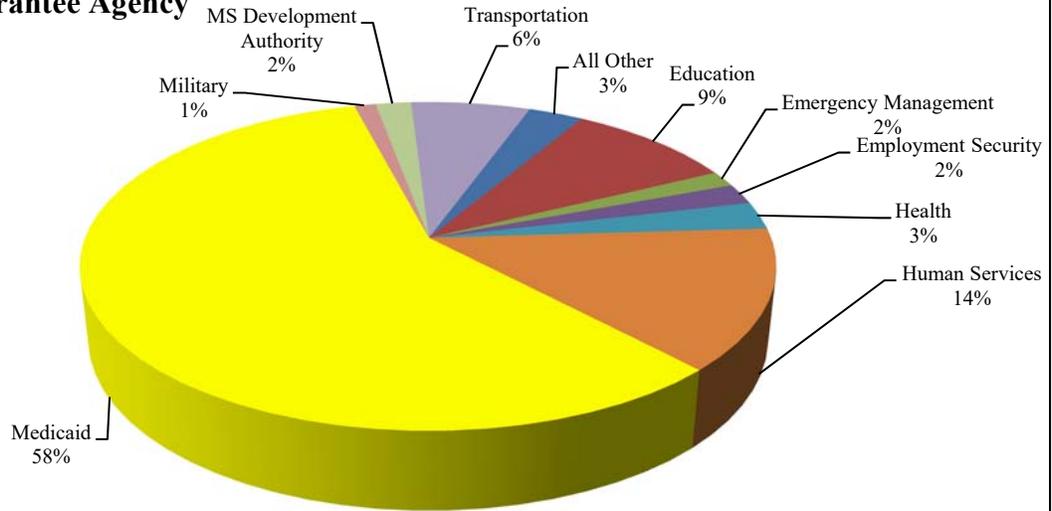
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

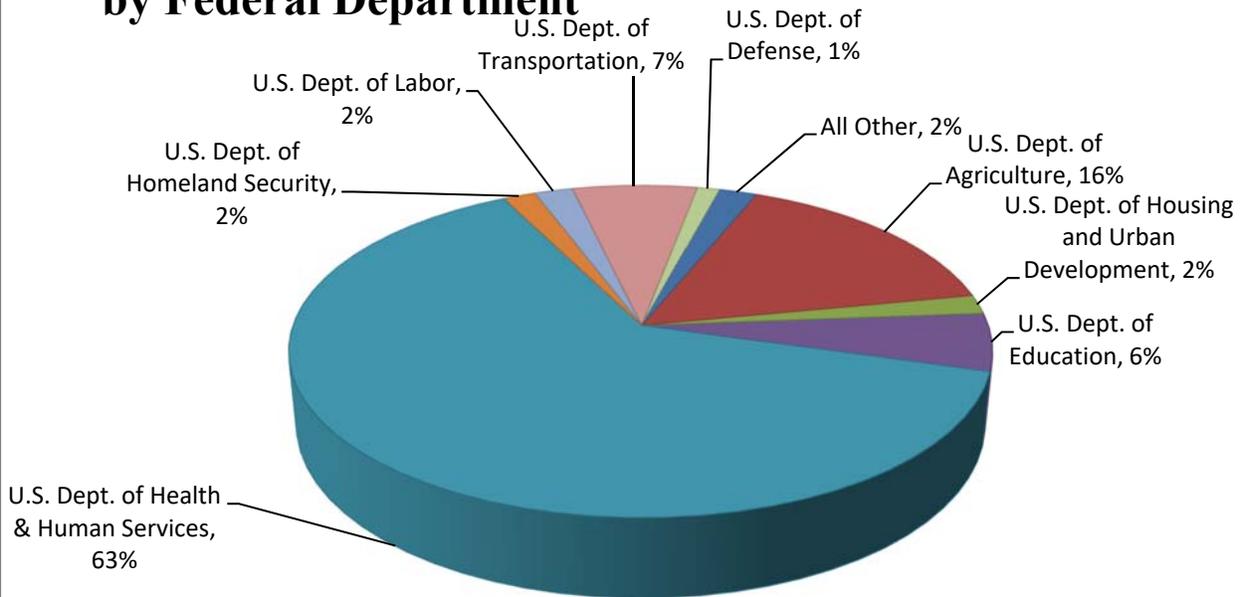
STACEY E. PICKERING
State Auditor

STATE OF MISSISSIPPI Fiscal Year 2017

Expenditures of Federal Awards by State Grantee Agency

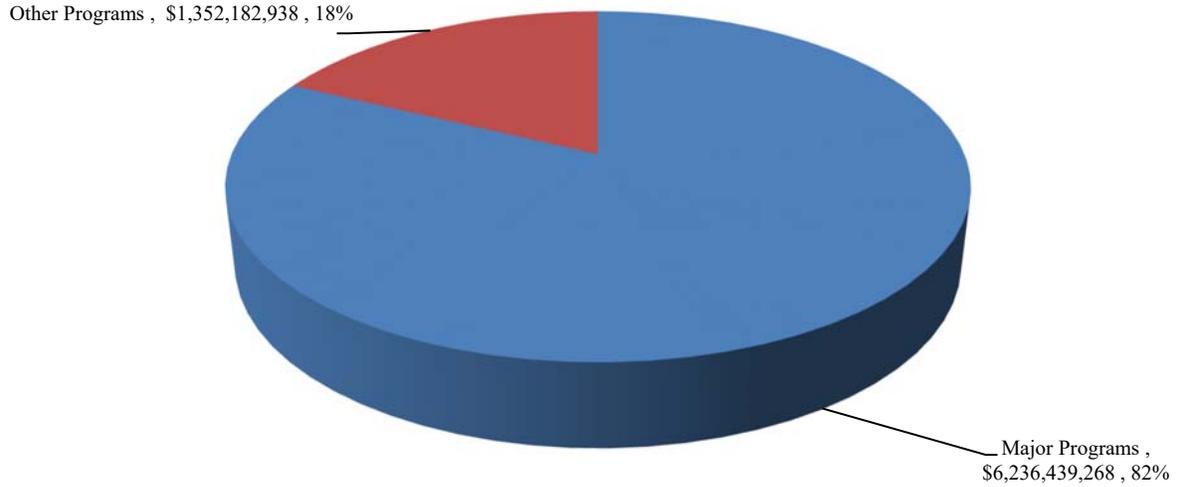


Expenditures of Federal Awards by Federal Department

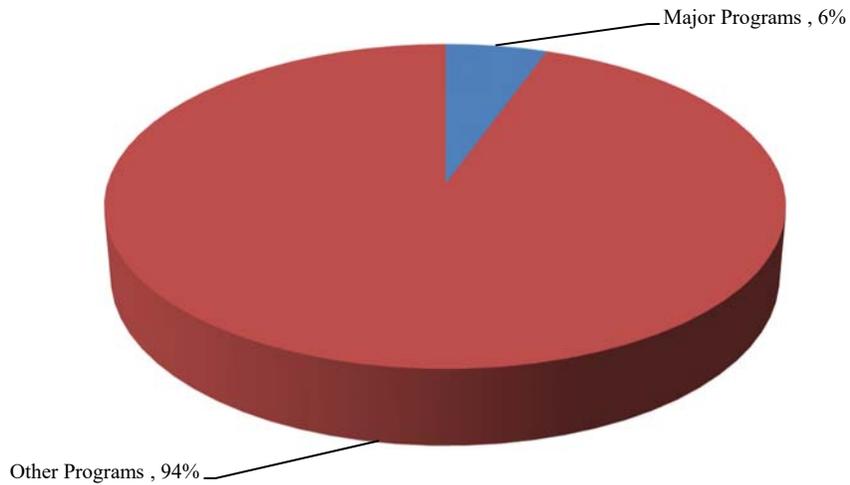


**STATE OF MISSISSIPPI
Fiscal Year 2017**

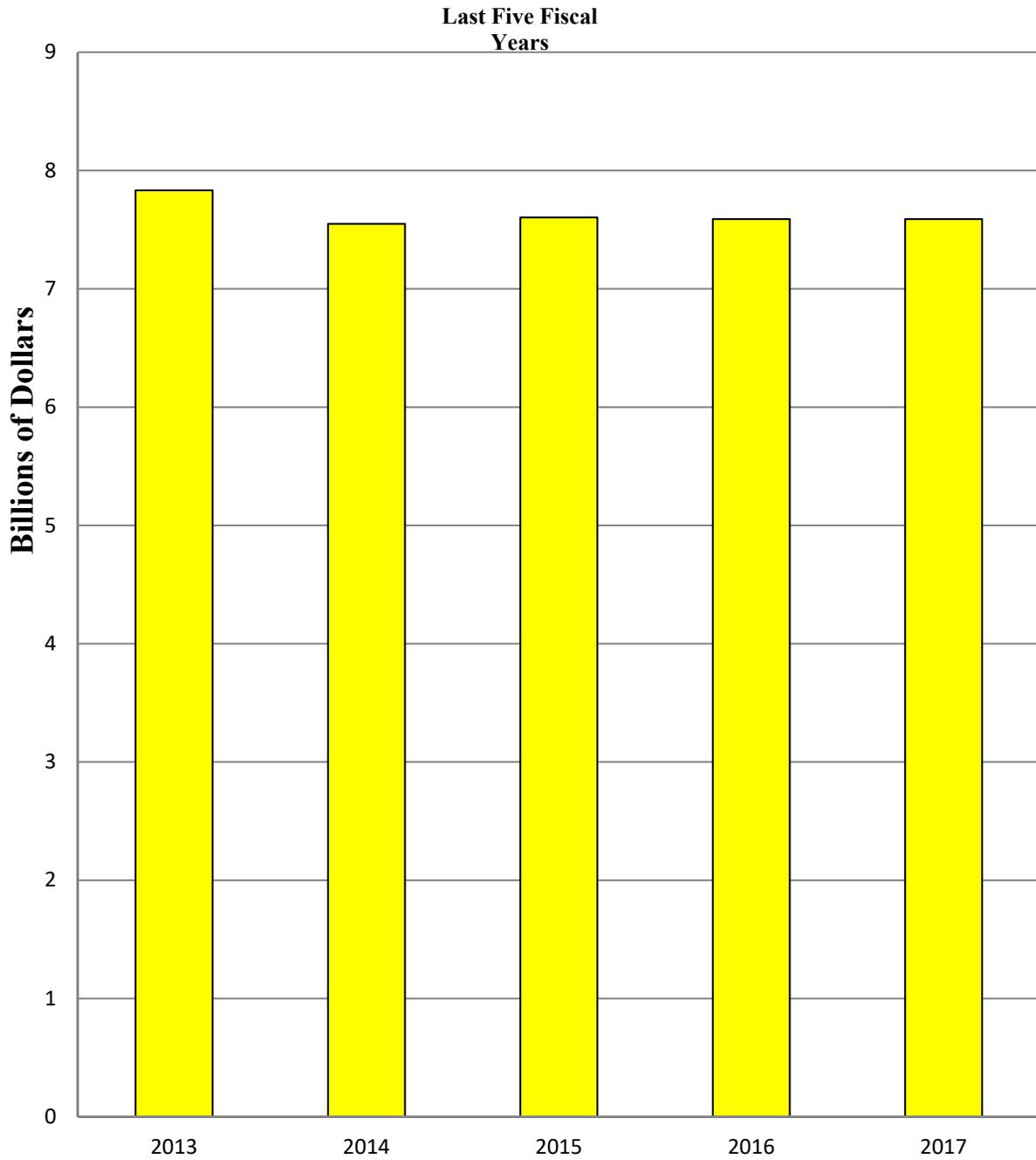
**Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$7,588,622,206**



**Percentage of Major Program Assistance
345 Programs**



STATE OF MISSISSIPPI Total Federal Financial Assistance



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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2017

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I. AUDIT REPORTING



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

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated February 16, 2018. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

- Government-wide Financial Statements
 - Governmental Activities
 - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education which, in the aggregate, represent 6% and 19%, respectively, of the assets and revenues of the governmental activities;

- Business-type Activities
 - AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Department of Finance and Administration State Life and Health Plan, and the Unemployment Compensation Fund which, in the aggregate, represent 98% and 91%, respectively, of the assets and revenues of the business-type activities;

- Component Units
 - the Universities and the nonmajor component units.
 - Fund Financial Statements
 - Governmental Funds
 - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education, which, in the aggregate, represent 20% and 11%, respectively, of the assets and revenues of the General Fund;
 - Proprietary Funds
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;
 - Aggregate Remaining Funds
 - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
 - the Pension Trust Funds;
 - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 100% and 100%, respectively, of the assets and revenues of the aggregate remaining funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these funds or entities.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we and other auditors considered the State of Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control.

Our and the other auditors' 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 accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors identified certain deficiencies in internal control 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 deficiencies described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2017-001, 2017-002, 2017-005, 2017-006, 2017-011, 2017-014, 2017-015, 2017-018, 2017-022, 2017-025, 2017-027, 2017-028, 2017-029, 2017-030, 2017-031, to be material weaknesses.

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 described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2017-003, 2017-004, 2017-007, 2017-008, 2017-009, 2017-010, 2017-012, 2017-013, 2017-016, 2017-017, 2017-019, 2017-020, 2017-021 to be significant deficiencies.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions of the State of Mississippi in separate communications.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Mississippi's financial statements are free from material misstatement, we and other auditors 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2017-009, 2017-010, 2017-019.

We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

Management's Response to Finding

Management's response to the findings identified in our audit is described in the accompanying "Management's Response and Corrective Action Plan" section. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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 State of Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's 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.



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

Jackson, Mississippi
February 16, 2018



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

The Governor, Members of the Legislature
and Citizens of the State of Mississippi

Report on Compliance for Each Major Federal Program

We and other auditors have audited the State of Mississippi's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2017. We did not audit the SNAP for WIC, Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements, the Child and Adult Care Food Program, the Child Nutrition Cluster, the Title 1 Grants, the Social Security Disability Insurance, the Improving Teacher Quality, the SPED Cluster, the Career and Technical Education, and the 21st Century Community Learning Centers. Those programs were audited by other auditors whose reports have been furnished to us. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our and the other auditors' responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. The State of Mississippi's basic financial statements include the operations of the State's public universities, as a major component unit within the discretely presented component units, which received \$1,033,819,094 in federal awards which is not included in the State's schedule during the year ending June 30, 2017. Our audit, described below, did not include the operations of the public universities because the universities component unit engaged other auditors to perform an audit in accordance with the provisions of Uniform Guidance.

Except as discussed in the following paragraph, we and other auditors conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller

Independent Auditor’s Report on Compliance For Each Major Federal Program;
 Report on Internal Control Over Compliance; and Report on Schedule of
 Expenditures of Federal Awards Required by Uniform Guidance

General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we and other auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit, and the reports of other auditors, provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit, and the audits of other auditors, do not provide a legal determination of the State of Mississippi’s compliance.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of those federal programs was conducted in accordance with the provisions of Uniform Guidance, and a separate report was issued.

Basis for Qualified Opinion on the CHIP Program, CCDF Cluster, TANF Cluster, SSBG Program, LIHEAP Program, and SNAP Cluster

As described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs,” the State of Mississippi did not comply with requirements regarding the following:

Finding #	CFDA #	Program/Cluster Name	Compliance Requirement
2017-033	93.767	Children’s Health Insurance Program	Period of Performance
2017-035	93.575 93.596	Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Eligibility
2017-036	93.558	Temporary Assistance for Needy Families State Programs	Eligibility
2017-037	93.558 93.667 93.575 93.596 93.568	Temporary Assistance for Needy Families State Programs Social Services Block Grant Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund Low Income Home Energy Assistance Program	Subrecipient Monitoring
2017-038	10.551 10.561 93.558 93.667 93.575 93.596 93.568	Supplemental Nutrition Assistance Program State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Temporary Assistance for Needy Families State Programs Social Services Block Grant Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund Low Income Home Energy Assistance Program	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, and the opinion of other auditors, for the State of Mississippi to comply with the requirements applicable to those programs.

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by Uniform Guidance

Qualified Opinion on the CHIP Program, CCDF Cluster, TANF Cluster, SSBG Program, LIHEAP Program, and SNAP Cluster

In our opinion, based on our audit and the reports of other auditors, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CHIP Program, CCDF Cluster, TANF Cluster, SSBG Program, LIHEAP Program, and SNAP Cluster for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the reports of other auditors, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2017. We did not test the transactions and records of the major federal programs administered by the state's public universities for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 2017-023, 2017-024, 2017-026, 2017-032, 2017-040, 2017-041, 2017-042. Our opinion on each major federal program is not modified with respect to these matters.

The responses by state agencies to the noncompliance findings identified in our audit, and the audits of other auditors, are described in the accompanying "Section III – Management Responses and Corrective Action Plans." Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other immaterial instances of noncompliance which have been reported to management of the State of Mississippi in separate communications.

Report on Internal Control Over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we and other auditors considered the State of Mississippi's internal control over compliance

In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control over compliance. We excluded the federal programs of the State's public universities, as discussed in the fifth paragraph of this report.

Independent Auditor’s Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by Uniform Guidance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs” as items 2017-033, 2017-035, 2017-036, 2017-037, 2017-038 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs” as items 2017-026, 2017-032, 2017-034, 2017-039, 2017-040, 2017-041, 2017-042 to be significant deficiencies.

The responses by state agencies to the internal control over compliance findings identified in our audit, and the audits of other auditors, are described in the accompanying “Section III – Management Responses and Corrective Action Plans.” Management’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other matters involving internal control over compliance and its operation, which have been reported to management of the State of Mississippi in separate communications.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is matter of public record and its distribution is not limited.

Report on Schedule of Expenditures of Federal Awards Required by OMB Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Mississippi as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Mississippi’s basic financial statements. We issued our report thereon dated February 18, 2018 which contained unmodified opinions on those financial statements. We did not audit the financial statements of:

- Government-wide Financial Statements
- Governmental Activities

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by Uniform Guidance

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, the Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education which, in the aggregate, represent 6% and 19%, respectively, of the assets and revenues of the governmental activities;
- Business-type Activities
 - AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, the Department of Finance and Administration State Life and Health Plan, and the Unemployment Compensation Fund which, in the aggregate, represent 98% and 91%, respectively, of the assets and revenues of the business-type activities;
 - Component Units
 - the Universities and the nonmajor component units.
- Fund Financial Statements
 - Governmental Funds
 - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, and selected funds at the Department of Marine Resources, Department of Corrections, the Department of Employment Security, the Department of Environmental Quality, the Department of Information Technology Services, the Military Department, the Mississippi Development Authority, the Department of Public Safety, the Department of Rehabilitation Services, the Mississippi Department of Health, and the Mississippi Department of Education, which, in the aggregate, represent 20% and 11%, respectively, of the assets and revenues of the General Fund;
 - Proprietary Funds
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program and the Unemployment Compensation Fund which are considered major enterprise funds;
 - Aggregate Remaining Funds
 - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
 - the Pension Trust Funds;

Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by Uniform Guidance

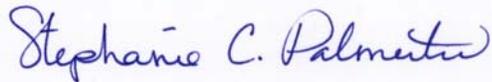
- the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 100% and 100%, respectively, of the assets and revenues of the aggregate remaining funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The State's public universities were audited in accordance with statutory requirements and the provisions of Uniform Guidance, and a separate report was issued.

Our audit and the audits of the other auditors were conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards by Federal Department is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Although not required by Uniform Guidance, the Schedule of Expenditures of Federal Awards by State Grantee Agency is presented for purposes of additional analysis. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effects of the omission described in the preceding paragraph, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

Jackson, Mississippi
April 20, 2018

Schedule of Expenditures of Federal Awards by Federal Department



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STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	261,912	1,298,992
10.163	Market Protection and Promotion	N/A	23,200
10.170	Specialty Crop Block Grant Program – Farm Bill	268,811	302,968
10.171	National Organic Certification Cost Share Program	3,630	6,326
10.331	Food Insecurity Nutrition Incentive Grants Program	4,148	4,148
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	N/A	1,633,076
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	3,150,186	70,928,931
10.558	Child and Adult Care Food Program	46,370,314	46,441,782
10.560	State Administrative Expenses for Child Nutrition	N/A	4,905,394
10.574	Team Nutrition Grants	N/A	4,140
10.577	SNAP Partnership Grant	N/A	549,393
10.578	WIC Grants To States (WGS)	N/A	444,924
10.579	Child Nutrition Discretionary Grants Limited Availability	N/A	249,519
10.582	Fresh Fruit and Vegetable Program	2,189,888	2,232,654
10.596	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	N/A	346,471
10.664	Cooperative Forestry Assistance	N/A	10,748,730
10.680	Forest Health Protection	N/A	36,969
10.902	Soil and Water Conservation	223,207	434,156
10.916	NRCS Watershed Rehabilitation Program	356,308	473,339
10.932	Regional Conservation Partnership Program	N/A	8,407
10.950	Agricultural Statistics Reports	N/A	18,750
<i>SUBTOTAL</i>			<i>141,092,269</i>
<i>SNAP Cluster</i>			
10.551	Supplemental Nutrition Assistance Program (SNAP)	N/A	751,394,997
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	4,257,308	35,912,400
<i>Total SNAP Cluster</i>			<i>787,307,397</i>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
Child Nutrition Cluster				
10.553	School Breakfast Program (SBP)	Education	64,499,458	65,007,480
10.555 @	National School Lunch Program (NSLP)	Education	173,639,940	175,024,861
10.556	Special Milk Program for Children (SMP)	Education	3,200	3,200
10.559	Summer Food Service Program for Children (SFSPC)	Education	1,967,279	25,002,033
Total Child Nutrition Cluster			265,037,574	
Food Distribution Cluster				
10.565	Commodity Supplemental Food Program	Health	698,011	928,712
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	180,600	675,654
10.569 @	Emergency Food Assistance Program (Food Commodities)	Human Services	N/A	6,553,173
Total Food Distribution Cluster			8,157,539	
Forest Service Schools and Roads Cluster				
10.665	Schools and Roads - Grants to States	Treasury	1,955,150	1,955,150
Total Forest Service Schools and Roads Cluster			1,955,150	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				1,203,549,929
U.S. DEPARTMENT OF COMMERCE				
11.407	Inter jurisdictional Fisheries Act of 1986	Marine Resources	N/A	65,726
11.419	Coastal Zone Management Administration Awards	Marine Resources	N/A	1,253,714
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	N/A	660,283
11.434	Cooperative Fishery Statistics	Marine Resources	N/A	99,649
11.454	Unallied Management Projects	Marine Resources	N/A	1,755,171
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	Governor's Office	N/A	7,376,511
TOTAL U.S. DEPARTMENT OF COMMERCE				11,211,054
U.S. DEPARTMENT OF DEFENSE				
12.002	Procurement Technical Assistance For Business Firms	MS Development Authority	183,417	300,503
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned by the pass through entity – DACW01-3-91-0543, DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	Wildlife, Fisheries and Parks	N/A	1,635,375
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	N/A	172,543
12.400	Military Construction, National Guard	Military Department	N/A	11,066,517

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures/ Distributions/ Issuances
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	N/A	74,529,209
12.404	National Guard ChalleNGe Program	Military Department	N/A	4,241,000
TOTAL U.S. DEPARTMENT OF DEFENSE				91,945,147
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.231	Emergency Solutions Grant Program	MS Development Authority	N/A	3,751
14.239	Home Investment Partnerships Program	MS Development Authority	N/A	(317,981)
14.241	Housing Opportunities for Persons with AIDS Program	Health	N/A	996
SUBTOTAL				(313,234)
CDBG – State-Administered CDBG Cluster				
14.228	Community Development Block Grants / State's Program	MS Development Authority	19,468,847	140,334,783
Total CDBG – State-Administered CDBG Cluster				140,334,783
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				140,021,549
U.S. DEPARTMENT OF THE INTERIOR				
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	N/A	164,930
15.252	Abandoned Mine Land Reclamation (AMLR) Program	Environmental Quality	N/A	91,246
15.426	Coastal Impact Assistance Program (CIAP)	Marine Resources	N/A	93,443
15.608	Fish and Wildlife Management Assistance	Wildlife, Fisheries and Parks	N/A	1,608
15.615	Cooperative Endangered Species Conservation Fund	Wildlife, Fisheries and Parks	N/A	85,068
15.616	Agriculture Wool Apparel Manufacturers Trust Fund	Marine Resources	N/A	19,158
15.622	Sportfishing and Boating Safety Act	Marine Resources	N/A	(32,979)
15.630	Coastal Program	Marine Resources	N/A	26,789
15.634	State Wildlife Grants	Wildlife, Fisheries and Parks	N/A	409,933
15.657	Endangered Species Conservation – Recovery Implementation Funds	Wildlife, Fisheries and Parks	N/A	28,328
15.668	Coastal Impact Assistance Program	Marine Resources	N/A	10,365,011
15.808	U.S. Geological Survey – Research and Data Collection	Environmental Quality	N/A	5,027
15.810	National Cooperative Geologic Mapping Program	Environmental Quality	N/A	77,508
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	Environmental Quality	N/A	(8,617)
15.904	Historic Preservation Fund Grants-In-Aid	Archives and History	N/A	179,140
15.916	Outdoor Recreation – Acquisition, Development and Planning	Wildlife, Fisheries and Parks	1,029,291	1,086,791
15.928	Civil War Battlefield Land Acquisition Grants	Archives and History	752,616	752,617
15.939	National Heritage Area Federal Financial Assistance	Marine Resources	96,888	418,142

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
15.980	National Ground-Water Monitoring Network	Environmental Quality	N/A	18,909
15.981	Water Use and Data Research	Environmental Quality	N/A	1,918
<i>SUBTOTAL</i>				13,783,970
Fish and Wildlife Cluster				
15.605	Sport Fish Restoration Program	Marine Resources / Wildlife, Fisheries and Parks	622,411	4,162,528
15.611	Wildlife Restoration and Basic Hunter Education	Wildlife, Fisheries and Parks	362,750	6,258,771
<i>Total Fish and Wildlife Cluster</i>				10,421,299
TOTAL U.S. DEPARTMENT OF THE INTERIOR				24,205,269
U.S. DEPARTMENT OF JUSTICE				
16.012	Alcohol, Tobacco, and Firearms – Training Assistance	Public Safety	N/A	15,377
16.017	Sexual Assault Services Formula Program	Public Safety	305,319	364,000
16.523	Juvenile Accountability Block Grants	Public Safety	103,468	194,842
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	Public Safety	28,467	303,340
16.543	Missing Children’s Assistance	Attorney General	N/A	316,149
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	N/A	247,582
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	N/A	506,934
16.575	Crime Victim Assistance	Public Safety	7,796,507	10,329,573
16.576	Crime Victim Compensation	Attorney General	N/A	593,427
16.588	Violence Against Women Formula Grants	Public Safety	1,586,428	1,310,362
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Attorney General	N/A	210,185
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	182,337	206,710
16.606	State Criminal Alien Assistance Program	Corrections	N/A	12,616
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Public Safety	1,623,066	1,756,559
16.741	DNA Backlog Reduction Program	Public Safety	N/A	77,961
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Public Safety	27,343	145,316
16.754	Harold Rogers Prescription Drug Monitoring Program	Board of Pharmacy	N/A	4,268
16.812	Second Chance Act Reentry Initiative	Human Services	267,437	267,437
16.816	John R. Justice Prosecutors and Defenders Incentive Act	Attorney General	N/A	32,565
16.UN	Domestic Cannabis Eradication / Suppression Program	Public Safety	N/A	(16,680)
16.UN1	DEA Task Force	Public Safety	N/A	13,928
16.UN5	U.S. Marshall Service	Public Safety	N/A	29,466
TOTAL U.S. DEPARTMENT OF JUSTICE				16,921,917

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
17.002	Labor Force Statistics	N/A	704,610
17.005	Compensation and Working Conditions	N/A	4,481
17.225 #	Unemployment Insurance	N/A	114,840,658
17.235	Senior Community Service Employment Program	771,238	917,609
17.245	Trade Adjustment Assistance	N/A	439,681
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects	312,816	330,352
17.271	Work Opportunity Tax Credit Program (WOTC)	N/A	142,247
17.273	Temporary Labor Certification for Foreign Workers	N/A	103,843
17.277	Workforce Investment Act (WIA) National Emergency Grants	N/A	1,347,683
17.281	WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	N/A	88,283
17.285	Apprenticeship USA Grants	20,126	105,922
17.600	Mine Health and Safety Grants	N/A	27,639
<i>SUBTOTAL</i>			119,053,008
Employment Service Cluster			
17.207	Employment Service / Wagner-Peyser Funded Activities	N/A	4,699,555
17.801	Disabled Veterans' Outreach Program (DVOP)	N/A	997,040
17.804	Local Veterans' Employment Representative (LVER) Program	N/A	467,678
<i>Total Employment Service Cluster</i>			6,164,273
WIA Cluster			
17.258	WIA Adult Program	6,046,781	9,964,342
17.259	WIA Youth Activities	4,813,497	9,524,470
17.278	WIA Dislocated Worker Formula Grants	1,997,136	9,832,112
<i>Total WIA Cluster</i>			29,320,924
TOTAL U.S. DEPARTMENT OF LABOR			154,538,205
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
20.200	Highway Research and Development Program	N/A	102,878
20.215	Highway Training and Education	N/A	228,230
20.218	National Motor Carrier Safety	N/A	3,733,704
20.232	Commercial Driver's License Program Improvement Grant	N/A	427,018
20.234	Safety Data Improvement Program	N/A	31,094

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

CFDA Number	State Agency/Federal Department/Program Name		Amount Passed To Subrecipients	Federal Expenditures/ Distributions/ Issuances
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	Transportation	N/A	21,247
20.314	Railroad Development	Transportation	N/A	835,579
20.509	Formula Grants for Rural Areas	Transportation	11,912,784	15,327,208
20.607	Alcohol Open Container Requirements	Public Safety	495,764	495,764
20.614	National Highway Traffic Safety Administration Discretionary Safety Grants and Cooperative Agreements	Public Safety	N/A	89,516
20.700	Pipeline Safety Program Base Grant	Public Service Commission	N/A	359,152
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	33,490	120,891
20.933	National Infrastructure Investments	Transportation	641,188	10,996,774
<i>SUBTOTAL</i>				32,769,055
Highway Planning and Construction Cluster				
20.205	Highway Planning and Construction	Transportation	52,126,924	465,368,398
20.219	Recreational Trails Program	Wildlife, Fisheries and Parks/Transportation	1,313,400	1,566,658
<i>Total Highway Planning and Construction Cluster</i>				466,935,056
Transit Services Programs Cluster				
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	Transportation	2,071,481	2,071,481
20.516	Job Access and Reverse Commute Program	Transportation	145,646	127,284
20.521	New Freedom Program	Transportation	8,333	10,853
<i>Total Transit Services Programs Cluster</i>				2,209,618
Federal Transit Cluster				
20.526	Bus and Bus Facilities Formula Program	Transportation	12,348	1,079,637
<i>Total Federal Transit Cluster</i>				1,079,637
Highway Safety Cluster				
20.600	State and Community Highway Safety	Public Safety	1,523,675	3,081,361
<i>Total Highway Safety Cluster</i>				3,081,361
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				506,074,727
U.S. DEPARTMENT OF THE TREASURY				
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast	Environment Quality	32,180	800,034
TOTAL U.S. DEPARTMENT OF THE TREASURY				800,034

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>APPALACHIAN REGIONAL COMMISSION</u>			
23.002	Appalachian Area Development	MS Development Authority	5,088,995
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	MS Development Authority/ Health	N/A
TOTAL APPALACHIAN REGIONAL COMMISSION			5,252,648
<u>GENERAL SERVICES ADMINISTRATION</u>			
39.003 @	Donation of Federal Surplus Personal Property	Finance and Administration	N/A
TOTAL GENERAL SERVICES ADMINISTRATION			1,618,697
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>			
45.025	Promotion of the Arts - Partnership Agreements	Arts Commission	776,865
45.149	Promotion of the Humanities – Division of Preservation and Access	Archives and History	N/A
45.168	National Digital Newspaper Program	Archives and History	N/A
45.301	Museums for America	Archives and History	N/A
45.310	Grants to States	Library Commission	532,535
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			2,759,195
<u>SMALL BUSINESS ADMINISTRATION</u>			
59.061	State Trade and Export Promotion Pilot Grant Program	MS Development Authority	N/A
TOTAL SMALL BUSINESS ADMINISTRATION			393,479
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>			
64.124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	N/A
64.203	Veterans Cemetery Grants Program	Veterans Affairs Board	N/A
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			1,570,533
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
66.032	State Indoor Radon Grants	Health	N/A
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Environmental Quality	N/A
66.040	State Clean Diesel Grant Program	Environmental Quality	165,000
66.204	Multipurpose Grants to States and Tribes	Health	N/A

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality	35,234	212,063
66.432	State Public Water System Supervision	Health	N/A	1,889,136
66.433	State Underground Water Source Protection	Oil and Gas Board	N/A	51,250
66.454	Water Quality Management Planning	Environmental Quality	N/A	160,111
66.460	Nonpoint Source Implementation Grants	Environmental Quality	910,516	2,197,501
66.461	Regional Wetland Program Development Grants	Environmental Quality	N/A	(206)
66.472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	N/A	186,555
66.605	Performance Partnership Grants	Agriculture and Commerce/ Environmental Quality	41,600	7,798,695
66.606	Survey's, Studies, Investigations and Special Purpose Grants	Environmental Quality	N/A	82,458
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	N/A	77,133
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	N/A	385,331
66.708	Pollution Prevention Grants Program	Environmental Quality	N/A	94,231
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	N/A	163,932
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality	N/A	388,361
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality	N/A	829,345
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	N/A	40,221
<i>SUBTOTAL</i>				15,274,944
Clean Water State Revolving Fund Cluster				
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	N/A	8,637,715
<i>Total Clean Water State Revolving Fund Cluster</i>				8,637,715
Drinking Water State Revolving Fund Cluster				
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Health	N/A	6,117,760
<i>Total Drinking Water State Revolving Fund Cluster</i>				6,117,760
TOTAL ENVIRONMENTAL PROTECTION AGENCY				30,030,419
U.S. DEPARTMENT OF ENERGY				
81.041	State Energy Program	MS Development Authority	N/A	308,502
81.042	Weatherization Assistance for Low-Income Persons	Human Services	1,519,204	1,725,670
81.119	State Energy Program Special Projects	MS Development Authority	9,575	96,309
81.136	DOE Salmon Testing Site	Health	N/A	80,218

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

CFDA Number	State Agency/Federal Department/Program Name	Treasury/MS Development	Amount Passed To Subrecipients	Federal Expenditures/ Distributions/ Issuances
81.UN1	Petroleum Violation Escrow – Stripper Well		800,006	800,006
TOTAL U.S. DEPARTMENT OF ENERGY				3,010,705
U.S. DEPARTMENT OF EDUCATION				
84.002	Adult Education – Basic Grants to States	Board for Community and Junior Colleges	5,670,708	6,044,962
84.010	Title I Grants to Local Educational Agencies	Education	173,193,235	184,970,949
84.011	Migrant Education – State Grant Program	Education	519,960	1,330,135
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	Education	640,604	677,475
84.048	Career and Technical Education – Basic Grants to States	Education	11,466,515	14,204,405
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Rehabilitation Services	N/A	36,444,684
84.144	Migrant Education – Coordination Program	Education	N/A	79,425
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	N/A	284,359
84.181	Special Education – Grants for Infants and Families	Health	955,546	3,708,456
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Rehabilitation Services	N/A	289,721
84.196	Education for Homeless Children and Youth	Education	551,042	668,228
84.287	Twenty-First Century Community Learning Centers	Education	10,431,917	11,443,949
84.305	Education Research, Development and Dissemination	Education	N/A	118,090
84.323	Special Education – State Personnel Development	Education	591,522	700,938
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	Education	N/A	205,768
84.358	Rural Education	Education	4,202,495	5,303,027
84.365	English Language Acquisition State Grants	Education	1,041,356	1,462,602
84.366	Mathematics and Science Partnerships	Education	1,579,238	1,646,014
84.367	Improving Teacher Quality State Grants	Education	29,220,495	32,211,369
84.369	Grants for State Assessments and Related Activities	Education	N/A	7,071,435
84.372	Statewide Data Systems	Education	302,925	680,424
84.374	Teacher Incentive Fund	Education	945,208	1,124,400
SUBTOTAL				310,670,815
Special Education Cluster (IDEA)				
84.027	Special Education – Grants to States (IDEA, Part B)	Education	95,265,295	110,500,245
84.173	Special Education – Preschool Grants (IDEA, Preschool)	Education	3,191,347	3,926,969
Total Special Education Cluster (IDEA)				114,427,214

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
84.044	TRIO Cluster TRIO – Talent Search	Education	32,374	32,374
	Total TRIO Cluster			<u>32,374</u>
	School Improvement Grants Cluster			
84.377	School Improvement Grants	Education	2,308,971	2,995,412
84.384	ARRA – MS Intergrated EDU	Education	N/A	36,361
84.388	ARRA – School Improvement Grants, Recovery Act	Education	N/A	(153,462)
	Total School Improvement Grants Cluster			<u>2,878,311</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>428,008,714</u>
 <u>GULF COAST ECOSYSTEM RESTORATION COUNCIL</u>				
87.051	Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	Environmental Quality	N/A	655,981
TOTAL GULF COAST ECOSYSTEM RESTORATION COUNCIL				<u>655,981</u>
 <u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u>				
89.003	National Historical Publications and Records Grants	Archives and History	N/A	6,473
TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				<u>6,473</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
93.008	Medical Reserve Corps Small Grant Program	Animal Health	N/A	15,000
93.041	Special Programs for the Aging – Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	38,700	38,700
93.042	Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	Human Services	74,870	114,052
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	Human Services	142,829	149,452
93.048	Special Programs for the Aging – Title IV – and Title II - Discretionary Projects	Human Services	68,307	124,681
93.052	National Family Caregiver Support, Title III, Part E	Human Services	164,411	1,140,019
93.069	Public Health Emergency Preparedness	Health	N/A	(982,364)
93.070	Environmental Public Health and Emergency Response	Health	33,191	249,551
93.071	Medicare Enrollment Assistance Program	Human Services	178,495	350,130
93.072	Lifespan Respite Care Program	Human Services	N/A	9,484

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
93.073	Birth Defects and Developmental Disabilities – Prevention and Surveillance	Health	N/A	111,585
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Health	1,868,255	9,676,376
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Education	N/A	234,963
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health	19,613	489,274
93.103	Food and Drug Administration – Research	Health	10,000	564,335
93.110	Maternal and Child Health Federal Consolidated Programs	Health	N/A	293,917
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	N/A	659,161
93.127	Emergency Medical Services for Children	Health	N/A	126,904
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	Health	5,000	209,049
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	284,538	347,862
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	281,869	293,869
93.217	Family Planning – Services	Health	N/A	4,761,610
93.235	Affordable Care Act (ACA) Abstinence Education Program	Human Services	779,959	779,959
93.236	Grants to States to Support Oral Health Workforce Activities	Health	N/A	402,128
93.241	State Rural Hospital Flexibility Program	Health	202,303	484,380
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	Mental Health	3,959,817	4,875,850
93.251	Universal Newborn Hearing Screening	Health	N/A	167,555
93.262	Occupational Safety and Health Program	Health	N/A	128,255
93.268 @	Immunization Cooperative Agreements	Health	N/A	44,756,292
93.270	Adult Viral Hepatitis Prevention and Control	Health	N/A	202,946
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health	562,537	1,976,400
93.292	National Public Health Improvement Initiative	Health	N/A	33,780
93.296	State Partnership Grant Program to Improve Minority Health	Health	44,536	186,055
93.301	Small Rural Hospital Improvement Grant Program	Health	292,903	439,271
93.305	National State Based Tobacco Control Programs	Health	255,494	870,439
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health	N/A	87,274
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	94,279	1,404,406
93.324	State Health Insurance Assistance Program	Human Services	549,677	549,677
93.336	Behavioral Risk Factor Surveillance System	Health	N/A	175,321
93.369	ACL Independent Living State Grants	Rehabilitation Services	N/A	328,889
93.464	ACL Assistive Technology	Rehabilitation Services	N/A	438,594

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
93.500	Pregnancy Assistance Fund Program	Health	9,375	500,531
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Human Services	N/A	3,308,472
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	Insurance	N/A	78,750
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	Health	N/A	78,870
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	Insurance	N/A	116,918
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by Prevention and Public Health Funds	Health	N/A	192,946
93.544	Coordinated Chronic Disease Prevention and Health	Health	N/A	35,206
93.556	Promoting Safe and Stable Families	Human Services	2,362,103	4,253,543
93.563	Child Support Enforcement	Human Services	N/A	14,531,541
93.566	Refugee and Entrant Assistance – State Administered Programs	Human Services	1,699,478	1,708,889
93.568	Low-Income Home Energy Assistance	Human Services	28,995,298	29,248,213
93.569	Community Services Block Grants	Human Services	11,035,989	11,094,823
93.586	State Court Improvement Program	Supreme Court	N/A	327,180
93.590	Community-Based Child Abuse Prevention Grants	Human Services	N/A	248,742
93.597	Grants to States for Access and Visitation Programs	Human Services	30,501	50,136
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	N/A	230,664
93.600	Head Start	Governor's Office	N/A	175,000
93.603	Adoption Incentive Payments	Human Services	N/A	255,011
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	695,496	1,092,710
93.631	Developmental Disabilities Projects of National Significance	Mental Health	231,950	287,502
93.643	Children's Justice Grants to States	Human Services	N/A	90,581
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Human Services	N/A	5,081,018
93.658	Foster Care – Title IV-E	Human Services	N/A	26,252,362
93.659	Adoption Assistance	Human Services	N/A	12,106,512
93.667	Social Services Block Grant	Human Services	5,471,095	11,736,999
93.669	Child Abuse and Neglect State Grants	Human Services	42,378	204,654
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	Health	1,035,544	1,276,866
93.674	Chafee Foster Care Independence Program	Human Services	892,536	1,280,426
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	Health	65,551	1,016,795
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	Health	N/A	203,210

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>		<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
93.735	State Public Health Approaches for Ensuring QUILTLINE Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)	Health	166,178	166,178
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention And Public Health Fund	Health	N/A	96,309
93.752	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	Health	24,846	1,867,537
93.753	Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	Health	N/A	85,165
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	Health	59,481	455,488
93.758	Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Health	176,923	2,253,471
93.767	Children's Health Insurance Program	Medicaid	N/A	264,236,051
93.788	Opioid STR	Mental Health	N/A	17,166
93.791	Money Follows the Person Rebalancing Demonstration	Medicaid	N/A	4,430,464
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	109,693	451,008
93.816	Preventing Heart Attacks and Strokes in High Need Areas	Health	470,064	1,820,286
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health	25,000	25,000
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program	Insurance	N/A	54,738
93.913	Grants to States for Operation of Offices of Rural Health	Health	86,047	185,365
93.917	HIV Care Formula Grants	Health	673,656	17,360,482
93.940	HIV Prevention Activities – Health Department Based	Health	788,788	2,328,547
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	22,706	1,022,500
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health	410,050	1,582,666
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health	N/A	136,257
93.958	Block Grants for Community Mental Health Services	Mental Health	4,386,624	4,706,788
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	12,913,210	12,931,762
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	Health	130,056	1,390,809
93.991	Preventive Health and Health Services Block Grant	Health	N/A	(127,858)
93.994	Maternal and Child Health Services Block Grant to the States	Health	708,236	7,134,440
<i>SUBTOTAL</i>				528,940,770

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
Aging Cluster			
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	3,752,748	3,809,018
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	4,224,232	4,596,785
93.053	Nutrition Services Incentive Program	1,398,456	1,398,456
Total Aging Cluster			9,804,259
TANF Cluster			
93.558	Temporary Assistance for Needy Families (TANF) State Programs	30,209,400	64,808,816
Total TANF Cluster			64,808,816
CCDF Cluster			
93.575	Child Care and Development Block Grant	6,892,138	35,540,914
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	2,168,049	20,908,759
Total CCDF Cluster			56,449,673
Medicaid Cluster			
93.775	State Medicaid Fraud Control Units	N/A	2,397,307
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	N/A	3,158,467
93.778	Medical Assistance Program	N/A	4,139,774,362
Total Medicaid Cluster			4,145,330,136
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,805,333,654
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
94.016	Senior Companion Program	N/A	164,548
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			164,548
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>			
95.001	High Intensity Drug Trafficking Areas Program	N/A	1,102,126
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			1,102,126

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>SOCIAL SECURITY ADMINISTRATION</u>			
96.008	Social Security – Work Incentives Planning and Assistance Program	Rehabilitation Services	N/A 308,020
<i>SUBTOTAL</i>			308,020
<i>Disability Insurance / SSI Cluster</i>			
96.001	Social Security – Disability Insurance (DI)	Rehabilitation Services	N/A 26,606,471
<i>Total Disability Insurance / SSI Cluster</i>			26,606,471
TOTAL SOCIAL SECURITY ADMINISTRATION			26,914,491
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
97.001	Mississippi Interoperable Communications Grant	Public Safety	N/A 1,084,725
97.012	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	N/A 170,503
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Emergency Management	N/A 133,349
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Emergency Management	83,888,432 95,722,131
97.039	Hazard Mitigation Grant	Emergency Management	15,063,345 17,374,342
97.041	National Dam Safety Program	Environmental Quality	N/A 290,014
97.042	Emergency Management Performance Grants	Emergency Management	2,577,660 4,417,957
97.043	State Fire Training Systems Grants	Insurance	N/A 16,876
97.044	Assistance to Firefighter Grant	Insurance	N/A 458,766
97.045	Cooperating Technical Partners	Environmental Quality	N/A 1,462,229
97.067	Homeland Security Grant Program	Public Safety	N/A 3,676,501
97.082	Earthquake Consortium	Emergency Management	N/A 6,231
97.089	Driver's License Security Grant Program	Public Safety	N/A 7,719,088
TOTAL DEPARTMENT OF HOMELAND SECURITY			132,532,712
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$7,588,622,206

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

The total expenditures for CFDA No. 17.225 include state expenditures of \$83,972,488 and federal expenditures of \$30,868,170.

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

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Schedule of Expenditures of Federal Awards by State Grantee Agency



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STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Agriculture and Commerce</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	27,350	148,667
10.163	Market Protection and Promotion	N/A	23,200
10.170	Specialty Crop Block Grant Program – Farm Bill	268,811	302,968
10.171	National Organic Certification Cost Share Program	3,630	6,326
10.331	Food Insecurity Nutrition Incentive Grants Program	4,148	4,148
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	N/A	1,633,076
10.680	Forest Health Protection	N/A	36,969
10.902	Soil and Water Conservation	N/A	34,792
10.950	Agricultural Statistics Reports	N/A	18,750
<i>Total U.S. DEPARTMENT OF AGRICULTURE</i>			2,208,896
ENVIRONMENTAL PROTECTION AGENCY			
66.605	Performance Partnership Grants	41,600	66,454
TOTAL Agriculture and Commerce			2,275,350
<u>Animal Health</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	234,562	1,150,325
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.008	Medical Reserve Corps Small Grants Program	N/A	15,000
TOTAL Animal Health			1,165,325
<u>Archives and History</u>			
U.S. DEPARTMENT OF THE INTERIOR			
15.904	Historic Preservation Fund Grants-In-Aid	N/A	179,140
15.928	Civil War Battlefield Land Acquisition Grants	752,616	752,617
<i>Total U.S. DEPARTMENT OF THE INTERIOR</i>			931,757
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
45.149	Promotion of the Humanities – Division of Preservation and Access	N/A	3,350
45.168	National Digital Newspaper Program	N/A	134,989
45.301	Museums for America	N/A	49,241
<i>Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</i>			187,580

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
89.003	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION National Historical Publications and Records Grants	N/A	6,473
	<i>Total NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</i>		<u>6,473</u>
TOTAL Archives and History			1,125,810
 <u>Arts Commission</u>			
45.025	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES Promotion of the Arts - Partnership Agreements	776,865	984,517
TOTAL Arts Commission			984,517
 <u>Attorney General</u>			
U.S. DEPARTMENT OF JUSTICE			
16.543	Missing Children's Assistance	N/A	316,149
16.576	Crime Victim Compensation	N/A	593,427
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	N/A	210,185
16.816	John R. Justice Prosecutors and Defenders Incentive Act	N/A	32,565
	<i>Total U.S. DEPARTMENT OF JUSTICE</i>		<u>1,152,326</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.775	State Medicaid Fraud Control Units	N/A	2,397,307
TOTAL Attorney General			3,549,633
 <u>Board for Community and Junior Colleges</u>			
U.S. DEPARTMENT OF EDUCATION			
84.002	Adult Education – Basic Grants to States	5,670,708	6,044,962
TOTAL Board for Community and Junior Colleges			6,044,962
 <u>Corrections</u>			
U.S. DEPARTMENT OF JUSTICE			
16.606	State Criminal Alien Assistance Program	N/A	12,616
TOTAL Corrections			12,616
 <u>Education</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.553	School Breakfast Program (SBP)	64,499,458	65,007,480
10.555 @	National School Lunch Program (NSLP)	173,639,940	175,024,861

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
10.556	Special Milk Program for Children (SMP)	3,200	3,200
10.558	Child and Adult Care Food Program	46,370,314	46,441,782
10.559	Summer Food Service Program for Children (SFSPC)	1,967,279	25,002,033
10.560	State Administrative Expenses for Child Nutrition	N/A	4,905,394
10.574	Team Nutrition Grants	N/A	4,140
10.579	Child Nutrition Discretionary Grants Limited Availability	N/A	249,519
10.582	Fresh Fruit and Vegetable Program	2,189,888	2,232,654
<i>Total U.S. DEPARTMENT OF AGRICULTURE</i>			318,871,063
U.S. DEPARTMENT OF EDUCATION			
84.010	Title I Grants to Local Educational Agencies	173,193,235	184,970,949
84.011	Migrant Education – State Grant Program	519,960	1,330,135
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	640,604	677,475
84.027	Special Education – Grants to States (IDEA, Part B)	95,265,295	110,500,245
84.044	TRIO – Talent Search	32,374	32,374
84.048	Career and Technical Education – Basic Grants to States	11,466,515	14,204,405
84.144	Migrant Education – Coordination Program	N/A	79,425
84.173	Special Education – Preschool Grants (IDEA, Preschool)	3,191,347	3,926,969
84.196	Education for Homeless Children and Youth	551,042	668,228
84.287	Twenty-First Century Community Learning Centers	10,431,917	11,443,949
84.305	Education Research, Development and Dissemination	N/A	118,090
84.323	Special Education – State Personnel Development	591,522	700,938
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement	N/A	205,768
84.358	Rural Education	4,202,495	5,303,027
84.365	English Language Acquisition State Grants	1,041,356	1,462,600
84.366	Mathematics and Science Partnerships	1,579,238	1,646,014
84.367	Improving Teacher Quality State Grants	29,220,495	32,211,369
84.369	Grants for State Assessments and Related Activities	N/A	7,071,435
84.372	Statewide Data Systems	302,925	680,424
84.374	Teacher Incentive Fund	945,208	1,124,400
84.377	School Improvement Grants	2,308,971	2,995,412
84.384	ARRA – MS Integrated EDU	N/A	36,361
84.388	ARRA – School Improvement Grants, Recovery Act	N/A	(153,461)
<i>Total U.S. DEPARTMENT OF EDUCATION</i>			381,236,531
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	N/A	234,963
TOTAL Education			700,342,557

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Emergency Management</u>			
U.S. DEPARTMENT OF TRANSPORTATION			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	33,490	120,891
DEPARTMENT OF HOMELAND SECURITY			
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	N/A	133,349
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	83,888,432	95,722,131
97.039	Hazard Mitigation Grant	15,063,345	17,374,342
97.042	Emergency Management Performance Grants	2,577,660	4,417,957
97.082	Earthquake Consortium	N/A	6,231
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			<u>117,654,010</u>
TOTAL Emergency Management			117,774,901
<u>Employment Security</u>			
U.S. DEPARTMENT OF LABOR			
17.002	Labor Force Statistics	N/A	704,610
17.207	Employment Service / Wagner-Peyser Funded Activities	N/A	4,699,555
17.225 #	Unemployment Insurance	N/A	114,840,658
17.235	Senior Community Service Employment Program	771,238	917,609
17.245	Trade Adjustment Assistance	N/A	439,681
17.258	WIA Adult Program	6,046,781	9,964,342
17.259	WIA Youth Activities	4,813,497	9,524,470
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects	312,816	330,352
17.271	Work Opportunity Tax Credit Program (WOTC)	N/A	142,247
17.273	Temporary Labor Certification for Foreign Workers	N/A	103,843
17.277	Workforce Investment Act (WIA) National Emergency Grants	N/A	1,347,683
17.278	WIA Dislocated Worker Formula Grants	1,997,136	9,832,112
17.281	WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	N/A	88,283
17.285	Apprenticeship USA Grants	20,126	105,922
17.801	Disabled Veterans' Outreach Program (DVOP)	N/A	997,040
17.804	Local Veterans' Employment Representative (LVER) Program	N/A	467,678
<i>Total U.S. DEPARTMENT OF LABOR</i>			<u>154,506,085</u>
TOTAL Employment Security			154,506,085

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Environmental Quality</u>			
U.S. DEPARTMENT OF DEFENSE			
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	N/A	172,543
U.S. DEPARTMENT OF THE INTERIOR			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	N/A	164,930
15.252	Abandoned Mine Land Reclamation (AMLR) Program	N/A	91,246
15.608	Fish and Wildlife Management Assistance	N/A	1,608
15.808	U.S. Geological Survey – Research and Data Collection	N/A	5,027
15.810	National Cooperative Geologic Mapping Program	N/A	77,508
15.819	Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	N/A	(8,617)
15.980	National Ground-Water Monitoring Network	N/A	18,909
15.981	Water Use and Data Research	N/A	1,918
<i>Total U.S. DEPARTMENT OF THE INTERIOR</i>			352,529
U.S. DEPARTMENT OF LABOR			
17.600	Mine Health and Safety Grants	N/A	27,639
U.S. DEPARTMENT OF THE TREASURY			
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast	32,180	800,034
ENVIRONMENTAL PROTECTION AGENCY			
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	N/A	428,593
66.040	State Clean Diesel Grant Program	165,000	204,252
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	35,234	212,063
66.454	Water Quality Management Planning	N/A	160,111
66.458	Capitalization Grants for Clean Water State Revolving Funds	N/A	8,637,715
66.460	Nonpoint Source Implementation Grants	910,516	2,197,501
66.461	Regional Wetland Program Development Grants	N/A	(206)
66.472	Beach Monitoring and Notification Program Implementation Grants	N/A	186,555
66.605	Performance Partnership Grants	N/A	7,732,241
66.606	Survey's, Studies, Investigations and Special Purpose Grants	N/A	82,458
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	N/A	77,133
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	N/A	385,331
66.708	Pollution Prevention Grants Program	N/A	94,231
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	N/A	163,932
66.804	Underground Storage Tank Prevention, Detection		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	and Compliance Program	N/A	388,361
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	N/A	829,345
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	N/A	40,221
<i>Total ENVIRONMENTAL PROTECTION AGENCY</i>			21,819,837
GULF COAST ECOSYSTEM RESTORATION COUNCIL			
87.051	Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	N/A	655,981
<i>Total GULF COAST ECOSYSTEM RESTORATION COUNCIL</i>			655,981
DEPARTMENT OF HOMELAND SECURITY			
97.041	National Dam Safety Program	N/A	290,014
97.045	Cooperating Technical Partners	N/A	1,462,229
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			1,752,243
TOTAL Environmental Quality			25,580,806
<u>Finance and Administration</u>			
GENERAL SERVICES ADMINISTRATION			
39.003 @	Donation of Federal Surplus Personal Property	N/A	1,618,697
TOTAL Finance and Administration			1,618,697
<u>Forestry Commission</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.664	Cooperative Forestry Assistance	N/A	10,748,730
TOTAL Forestry Commission			10,748,730
<u>Governor's Office</u>			
U.S. DEPARTMENT OF COMMERCE			
11.557	ARRA – Recovery Act – Mississippi Education, Safety and Health Network	N/A	7,376,511
<i>Total U.S. DEPARTMENT OF COMMERCE</i>			7,376,511

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.600	Head Start	N/A	175,000
TOTAL Governor's Office			7,551,511
<u>Health</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	3,150,186	70,928,931
10.565	Commodity Supplemental Food Program	698,011	928,712
10.578	WIC Grants to States (WGS)	N/A	444,924
<i>Total U.S. DEPARTMENT OF AGRICULTURE</i>			<i>72,302,567</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14.241	Housing Opportunities for Persons with AIDS Program	N/A	997
DEPARTMENT OF JUSTICE			
16.575	Crime Victim Assistance	7,796,507	10,376,698
16.588	Violence Against Women Formula Grants	N/A	14,848
<i>Total DEPARTMENT OF JUSTICE</i>			<i>10,391,546</i>
U.S. DEPARTMENT OF LABOR			
17.005	Compensation and Working Conditions	N/A	4,481
APPALACHIAN REGIONAL COMMISSION			
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	N/A	34,382
ENVIRONMENTAL PROTECTION AGENCY			
66.032	State Indoor Radon Grants	N/A	70,222
66.204	Multipurpose Grants to States and Tribes	N/A	15,760
66.432	State Public Water System Supervision	N/A	1,889,136
66.468	Capitalization Grants for Drinking Water State Revolving Funds	N/A	6,117,760
<i>Total ENVIRONMENTAL PROTECTION AGENCY</i>			<i>8,092,878</i>
U.S. DEPARTMENT OF ENERGY			
81.136	DOE Salmon Testing Site	N/A	80,218
U.S. DEPARTMENT OF EDUCATION			
84.181	Special Education – Grants for Infants and Families	955,546	3,708,456

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.069	Public Health Emergency Preparedness and Response	N/A	(982,364)
93.070	Environmental Public Health and Emergency Response	33,191	249,551
93.073	Surveillance, Intervention, and Referral to Services Activities for Infants with Microphaly or Other Adverse Outcomes linked with The Zika Virus	N/A	111,585
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	1,868,255	9,676,376
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	19,613	489,274
93.103	Food and Drug Administration – Research	10,000	564,335
93.110	Maternal and Child Health Federal Consolidated Programs	N/A	293,917
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	N/A	659,161
93.127	Emergency Medical Services for Children	N/A	126,904
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices	5,000	209,049
93.136	Injury Prevention and Control Research and State and Community Based Programs	284,538	347,862
93.217	Family Planning – Services	N/A	4,761,610
93.236	Grants to States to Support Oral Health Workforce Activities	N/A	402,128
93.241	State Rural Hospital Flexibility Program	202,303	484,380
93.251	Universal Newborn Hearing Screening	N/A	167,555
93.262	Occupational Safety and Health Program	N/A	128,255
93.268 @	Immunization Cooperative Agreements`	N/A	44,756,292
93.270	Adult Viral Hepatitis Prevention and Control	N/A	202,946
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance	562,537	1,976,400
93.292	National Public Health Improvement Initiative	N/A	33,780
93.296	State Partnership Grant Program to Improve Minority Health	44,536	186,055
93.301	Small Rural Hospital Improvement Grant Program	292,903	439,271
93.305	National State Based Tobacco Control Programs	255,494	870,439
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	N/A	87,274
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	94,279	1,404,406
93.336	Behavioral Risk Factor Surveillance System	N/A	175,321
93.500	Pregnancy Assistance Fund Program	9,375	500,531
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	N/A	78,870
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - Financed in Part by Prevention and Public Health Funds	N/A	192,946
93.544	Coordinated Chronic Disease Prevention and Health Promotion	N/A	35,206

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	1,035,544	1,276,866
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure And Performance – Financed in Part by the Prevention and Public Health Fund (PPHF)	65,551	1,016,795
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	N/A	203,210
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)	256,391	166,178
93.745	Collection of Random Sample Telephone Interview Data for the Behavioral Risk Factor	N/A	96,309
93.752	Cancer Prevention and Control Programs for State	24,846	1,867,537
93.753	Child Lead Poisoning Prevention Surveillance Financed in Part by Prevention and Public Health Program (PPHF)	N/A	85,165
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease And Stroke (PPHF)	59,481	455,488
93.758	Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	176,923	2,253,471
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	N/A	2,504,553
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	109,693	451,008
93.816	Mississippi Delta Health Collaborative	470,064	1,820,286
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	25,000	25,000
93.913	Grants to States for Operation of Offices of Rural Health	86,047	185,365
93.917	HIV Care Formula Grants	673,656	17,360,482
93.940	HIV Prevention Activities – Health Department Based	788,788	2,328,547
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	22,706	1,022,500
93.945	Assistance Programs for Chronic Disease Prevention and Control	410,050	1,582,666
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	N/A	136,257
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	130,056	1,390,809
93.991	Preventive Health and Health Services Block Grant	N/A	(127,858)
93.994	Maternal and Child Health Services Block Grant to the States	708,236	7,134,440
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			111,864,389
TOTAL Health			206,479,914
<u>Human Services</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.551	Supplemental Nutrition Assistance Program (SNAP)	N/A	751,394,997

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	4,257,308	35,912,400
10.568	Emergency Food Assistance Program (Administrative Costs)	180,600	675,654
10.569 @	Emergency Food Assistance Program (Food Commodities)	N/A	6,553,173
10.577	SNAP Partnership Grant	N/A	549,393
10.596	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	N/A	346,471
Total U.S. DEPARTMENT OF AGRICULTURE			795,432,088
U.S. DEPARTMENT OF JUSTICE			
16.812	Second Chance Act Reentry Initiative	244,179	244,179
U.S. DEPARTMENT OF ENERGY			
81.042	Weatherization Assistance for Low-Income Persons	1,519,204	1,725,670
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	38,700	38,700
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long-Term Care Ombudsman Services for Older Individuals	74,870	114,052
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	142,829	149,452
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	3,752,748	3,809,018
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	4,224,232	4,596,785
93.048	Special Programs for the Aging – Title IV – and Title II – Discretionary Projects	68,307	124,681
93.052	National Family Caregiver Support, Title III, Part E	164,411	1,140,019
93.053	Nutrition Services Incentive Program	1,398,456	1,398,456
93.071	Medicare Enrollment Assistance Program	178,495	350,130
93.072	Lifecare Respite Care Program	N/A	9,484
93.235	Affordable Care Act (ACA) Abstinence Education Program	779,959	779,959
93.324	State Health Insurance Assistance Program	549,677	549,677
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	N/A	3,308,472
93.556	Promoting Safe and Stable Families	2,362,103	4,253,543
93.558	Temporary Assistance for Needy Families (TANF) State Programs	30,209,400	64,808,816
93.563	Child Support Enforcement	N/A	14,531,541
93.566	Refugee and Entrant Assistance – State Administered Programs	1,699,478	1,708,889
93.568	Low-Income Home Energy Assistance	28,995,298	29,248,213
93.569	Community Services Block Grants	11,035,989	11,094,823
93.575	Child Care and Development Block Grant	6,892,138	35,540,914
93.590	Community-Based Child Abuse Prevention Grants	N/A	248,742

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	2,168,049	20,908,759
93.597	Grants to States for Access and Visitation Programs	30,501	50,136
93.599	Chafee Education and Training Vouchers Program (ETV)	N/A	230,664
93.603	Adoption Incentive Payments	N/A	255,011
93.643	Children's Justice Grants to States	N/A	90,581
93.645	Stephanie Tubbs Jones Child Welfare Services Program	N/A	5,081,018
93.658	Foster Care – Title IV-E	N/A	26,252,362
93.659	Adoption Assistance	N/A	12,106,512
93.667	Social Services Block Grant	5,471,095	11,736,999
93.669	Child Abuse and Neglect State Grants	42,378	204,654
93.674	Chafee Foster Care Independence Program	892,536	1,280,426
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			256,001,488
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
94.016	Senior Companion Program	N/A	164,548
TOTAL Human Services			1,053,567,973
<u>Insurance</u>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.519	Affordable Care Act (ACA) – Consumer Assistance Program Grants	N/A	78,750
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	N/A	116,918
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program	N/A	54,738
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			250,406
DEPARTMENT OF HOMELAND SECURITY			
97.043	State Fire Training Systems Grants	N/A	16,876
97.044	Assistance to Firefighters Grant	N/A	458,766
<i>Total U.S. DEPARTMENT OF HOMELAND SECURITY</i>			475,642
TOTAL Insurance			726,048
<u>Library Commission</u>			
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
45.310	Grants to States	532,535	1,587,098
TOTAL Library Commission			1,587,098

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Marine Resources</u>			
U.S. DEPARTMENT OF COMMERCE			
11.407	Interjurisdictional Fisheries Act of 1986	N/A	65,726
11.419	Coastal Zone Management Administration Awards	N/A	1,253,714
11.420	Coastal Zone Management Estuarine Research Reserves	N/A	660,283
11.434	Cooperative Fishery Statistics	N/A	99,649
11.454	Unallied Management Projects	N/A	1,755,170
<i>Total U.S. DEPARTMENT OF COMMERCE</i>			3,834,542
U.S. DEPARTMENT OF THE INTERIOR			
15.426	Coastal Impact Assistance Program (CIAP)	N/A	93,443
15.605	Sport Fish Restoration Program	371,306	586,038
15.616	Agriculture Wool Apparel Manufacturers Trust Fund	N/A	19,158
15.622	Sportfishing and Boating Safety Act	N/A	(32,979)
15.630	Coastal Program	N/A	26,789
15.668	Coastal Impact Assistance Program	N/A	10,365,011
15.939	National Heritage Area Federal Financial Assistance	96,888	418,142
<i>Total U.S. DEPARTMENT OF THE INTERIOR</i>			11,475,602
TOTAL Marine Resources			15,310,144
<u>Medicaid</u>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.767	Children's Health Insurance Program	N/A	264,236,051
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	N/A	653,914
93.778	Medical Assistance Program	N/A	4,139,774,362
93.791	Money Follows the Person Rebalancing Demonstration	N/A	4,430,464
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			4,409,094,791
TOTAL Medicaid			4,409,094,791
<u>Mental Health</u>			
DEPARTMENT OF JUSTICE			
16.812	Second Chance Act Reentry Initiative	13,358	23,258
<i>Total U.S. DEPARTMENT OF JUSTICE</i>			23,258
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.150	Projects for Assistance in Transition from Homelessness (PATH)	281,869	293,869
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance	3,959,817	4,875,850
93.630	Developmental Disabilities Basic Support and Advocacy Grants	695,496	1,092,710

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

CFDA Number	State Agency/Federal Department/Program Name	Amount Passed To Subrecipients	Federal Expenditures Distributions/ Issuances
93.631	Developmental Disabilities Projects of National Significance	231,950	287,502
93.788	Opioid STR	N/A	17,166
93.958	Block Grants for Community Mental Health Services	4,386,624	4,706,788
93.959	Block Grants for Prevention and Treatment of Substance Abuse	12,913,210	12,931,762
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			24,205,647
TOTAL Mental Health			24,228,905
 <u>Military Department</u>			
U.S. DEPARTMENT OF DEFENSE			
12.400	Military Construction, National Guard	N/A	11,066,517
12.401	National Guard Military Operations and Maintenance (O&M) Projects	N/A	74,529,209
12.404	National Guard Challenge Program	N/A	4,241,000
<i>Total U.S. DEPARTMENT OF DEFENSE</i>			89,836,726
TOTAL Military Department			89,836,726
 <u>MS Development Authority</u>			
U.S. DEPARTMENT OF DEFENSE			
12.002	Procurement Technical Assistance For Business Firms	183,417	300,503
 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
14.228	Community Development Block Grants / State's Program	19,468,847	140,334,783
14.231	Emergency Solutions Grant Program	N/A	3,751
14.239	Home Investment Partnerships Program	N/A	(317,981)
<i>Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			140,020,553
 APPALACHIAN REGIONAL COMMISSION			
23.002	Appalachian Area Development	5,088,995	5,088,995
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	N/A	129,271
<i>Total APPALACHIAN REGIONAL COMMISSION</i>			5,218,266
 SMALL BUSINESS ADMINISTRATION			
59.061	State Trade and Export Promotion Pilot Grant Program	N/A	393,479
 U.S. DEPARTMENT OF ENERGY			
81.041	State Energy Program	N/A	308,502
81.119	State Energy Program Special Projects	9,575	96,309

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
81.UN1	Petroleum Violation Escrow—Stripper Well	800,006	800,006
<i>Total U.S. DEPARTMENT OF ENERGY</i>			<u>1,204,817</u>
TOTAL MS Development Authority			147,137,618
<u>Oil and Gas Board</u>			
ENVIRONMENTAL PROTECTION AGENCY			
66.433	State Underground Water Source Protection	N/A	51,250
TOTAL Oil and Gas Board			51,250
<u>Board of Pharmacy</u>			
U.S. DEPARTMENT OF JUSTICE			
16.754	Harold Rogers Prescription Monitoring	N/A	4,268
TOTAL Board of Pharmacy			4,268
<u>Public Safety</u>			
U.S. DEPARTMENT OF JUSTICE			
16.012	Alcohol, Tobacco, and Firearms – Training Assistance	N/A	15,377
16.017	Sexual Assault Services Formula Program	305,319	364,000
16.523	Juvenile Accountability Block Grants	103,468	194,842
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	28,467	303,340
16.554	National Criminal History Improvement Program (NCHIP)	N/A	247,582
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	N/A	506,934
16.575	Crime Victim Assistance	N/A	(47,125)
16.588	Violence Against Women Formula Grants	1,586,428	1,295,514
16.593	Residential Substance Abuse Treatment for State Prisoners	182,337	206,710
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,623,066	1,756,559
16.741	DNA Backlog Reduction Program	N/A	77,961
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	27,343	145,316
16.UN	Domestic Cannabis Eradication / Suppression Program	N/A	(16,680)
16.UN1	DEA Task Force	N/A	13,928
16.UN5	U.S. Marshall Service	N/A	29,466
<i>Total U.S. DEPARTMENT OF JUSTICE</i>			<u>5,093,724</u>
U.S. DEPARTMENT OF TRANSPORTATION			
20.218	National Motor Carrier Safety	N/A	3,698,048
20.232	Commercial Driver's License Program Improvement Grant	N/A	427,018
20.234	Safety Data Improvement Program	N/A	31,094
20.600	State and Community Highway Safety	1,523,675	3,081,361
20.607	Alcohol Open Container Requirements	495,764	495,764

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
20.614	National Highway Traffic Safety Administration Discretionary Safety Grants and Cooperative Agreements	N/A	89,516
<i>Total U.S. DEPARTMENT OF TRANSPORTATION</i>			7,822,801
EXECUTIVE OFFICE OF THE PRESIDENT			
95.001	High Intensity Drug Trafficking Areas Program	N/A	1,102,126
DEPARTMENT OF HOMELAND SECURITY			
97.001	Mississippi Interoperable Communications Grant	N/A	1,084,725
97.067	Homeland Security Grant Program	N/A	3,676,501
97.089	Driver's License Security Grant Program	N/A	7,719,088
<i>Total DEPARTMENT OF HOMELAND SECURITY</i>			12,480,314
TOTAL Public Safety			26,498,965
<u>Public Service Commission</u>			
U.S. DEPARTMENT OF TRANSPORTATION			
20.700	Pipeline Safety Program Base Grant	N/A	359,152
TOTAL Public Service Commission			359,152
<u>Rehabilitation Services</u>			
U.S. DEPARTMENT OF EDUCATION			
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	N/A	36,444,684
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	N/A	284,359
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	N/A	289,721
<i>Total U.S. DEPARTMENT OF EDUCATION</i>			37,018,764
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.369	ACL Independent Living State Grants	N/A	328,889
93.464	ACL Assistive Technology	N/A	438,594
<i>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>			767,483

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
SOCIAL SECURITY ADMINISTRATION			
96.001	Social Security – Disability Insurance (DI)	N/A	26,606,471
96.008	Social Security – Work Incentives Planning and Assistance Program	N/A	308,020
<i>Total SOCIAL SECURITY ADMINISTRATION</i>			26,914,491
TOTAL Rehabilitation Services			64,700,738
<u>Soil and Water Conservation Commission</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.902	Soil and Water Conservation	223,207	399,364
10.916	NRCS Watershed Rehabilitation Program	356,308	473,339
10.932	Regional Conservation Partnership Program	N/A	8,407
			881,110
TOTAL Soil and Water Conservation Commission			881,110
<u>Supreme Court</u>			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.586	State Court Improvement Program	N/A	327,180
TOTAL Supreme Court			327,180
<u>Transportation</u>			
U.S. DEPARTMENT OF TRANSPORTATION			
20.200	Highway Research and Development Program	N/A	102,878
20.205	Highway Planning and Construction	52,126,924	465,368,398
20.215	Highway Training and Education	N/A	228,230
20.218	Motor Carrier Safety Assistance	N/A	35,656
20.219	Recreational Trails Program	N/A	81,619
20.314	Railroad Development	N/A	835,579
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	N/A	21,247
20.509	Formula Grants for Rural Areas	11,912,784	15,327,208
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities	2,071,481	2,071,481
20.516	Job Access and Reverse Commute Program	145,646	127,284
20.521	New Freedom Program	8,333	10,853
20.526	Bus and Bus Facilities Formula Program	12,348	1,079,637
20.933	National Infrastructure Investments	641,188	10,996,774
<i>Total U.S. DEPARTMENT OF TRANSPORTATION</i>			496,286,844
TOTAL Transportation			496,286,844

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2017

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Amount Passed To Subrecipients</u>	<u>Federal Expenditures Distributions/ Issuances</u>
<u>Treasury</u>			
U.S. DEPARTMENT OF AGRICULTURE			
10.665	Schools and Roads – Grants to States	1,955,150	1,955,150
TOTAL Treasury			1,955,150
<u>Veterans Affairs Board</u>			
U.S. DEPARTMENT OF VETERANS AFFAIRS			
64.124	All-Volunteer Force Educational Assistance	N/A	102,124
64.203	Veteran's Cemetery Grants Program	N/A	1,468,409
TOTAL Veterans Affairs Board			1,570,533
<u>Wildlife, Fisheries and Parks</u>			
U.S. DEPARTMENT OF DEFENSE			
12.106	Flood Control Projects (Passed-through from the U.S. Army Corps of Engineers). Identifying numbers assigned DACW38-91-H-0007, DACW01-3-92-0411, DACW38-3-09-176, DACW01-3-91-0500, DACW01-3-96-0023, DACW38-3-12-9, and DACW01-3-92-0410.	N/A	1,635,375
U.S. DEPARTMENT OF THE INTERIOR			
15.605	Sport Fish Restoration Program	251,105	3,576,490
15.611	Wildlife Restoration and Basic Hunter Education	362,750	6,258,771
15.615	Cooperative Endangered Species Conservation Fund	N/A	85,068
15.634	State Wildlife Grants	N/A	409,933
15.657	Endangered Species Conservation – Recovery Implementation Funds	N/A	28,328
15.916	Outdoor Recreation – Acquisition, Development and Planning	1,029,291	1,086,791
Total U.S. DEPARTMENT OF THE INTERIOR			11,445,381
U.S. DEPARTMENT OF TRANSPORTATION			
20.219	Recreational Trails Program	1,313,400	1,485,039
DEPARTMENT OF HOMELAND SECURITY			
97.012	Boating Safety Financial Assistance	N/A	170,504
TOTAL Wildlife, Fisheries and Parks			14,736,299
TOTAL EXPENDITURES OF FEDERAL AWARDS:			\$ 7,588,622,206

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

Programs which expended funds under the American Recovery and Reinvestment Act of 2009 are identified using "ARRA" in front of the program name.

The total expenditures for CFDA No. 17.225 include state expenditures of 83,972,488 and federal expenditures of \$30,868,170.

@ Denotes federal programs with noncash benefits.

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards.

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Notes to the Schedules of Expenditures of Federal Awards



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STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (contained in Title 2 of the U.S. Code of Federal Regulations Part 200), requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the Financial Position, Changes in Net Position or Cash Flows of the State.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Title 2 of the U.S. Code of Federal Regulations Part 200 (Uniform Guidance). The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.
- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food commodities, immunizations and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.
 - Major Programs - The Single Audit Act Amendments of 1996 and Uniform Guidance establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2017, federal expenditures, distributions or issuances totaled \$7,588,622,206. This established the threshold for Type A programs as those with federal expenditures, distributions or issuances which exceeded \$22,765,866. For the fiscal year 2017 audit, there were twenty two programs with expenditures exceeding the Type A threshold. Of these twenty two programs, eight Type A programs were identified as low risk. Risk assessments of Type B programs were performed until the appropriate number of high risk Type B programs were identified. Therefore for fiscal year 2017, nineteen federal award programs, comprising fourteen high risk Type A programs and five high risk Type B programs, were audited as major programs for the State of Mississippi.

- *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules. The first two digits of the CFDA number designate the federal agency and the last three digits designate the federal assistance program within the federal agency.

For programs that have not been assigned a CFDA number, the number shown in the Schedule is the federal agency's 2 digit prefix followed by "UN" and digits to identify one or more Federal award lines which form the program.

- *Cluster of Programs* – A grouping of closely related programs with different CFDA numbers that share common compliance requirements is considered a cluster of programs. The accompanying Schedules have been designed to present federal financial assistance information by clusters.
- *Amount Provided to Subrecipients* – The amount of federal assistance that the State provided to subrecipients under each federal program is presented in a separate column in the accompanying Schedules according to requirements in Uniform Guidance. A subrecipient is defined by Uniform Guidance as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program.
- *Indirect Cost Rate* – As detailed in Uniform Guidance, State Agencies may elect to charge a de minimis cost rate of 10% of modified total direct costs which may be used indefinitely if said Agencies have not previously negotiated a separate indirect cost rate with the federal entity. Except for those agencies listed in Appendix A, all other State agencies covered in this report have elected to use the 10% de minimis rate.

B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2017. Expenditures of federal awards provided to the state's public universities and related entities were audited by other auditors in accordance with statutory requirements and the provisions of Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (contained in Title 2 of the U.S. Code of Federal Regulations Part 200); and a separate report issued December 21, 2017.

C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Negative amounts reflected in the accompanying Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2017, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

The value of food commodity distributions within the National School Lunch Program on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

STATE OF MISSISSIPPI
Notes to Schedules of Expenditures of Federal Awards (continued)

The state issues food stamp benefits in electronic form, and benefits are recognized as expenditures when recipients use the benefits.

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:
1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
 2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$1,618,697. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2017, as charges for sales and services of \$748,219. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's program include disbursements made for grants and new loans totaling \$2,169,440. Program income generated by the program in previous years was used to make these grants and new loan payments. In subsequent years, the program income generated from the repayment of loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2017, the outstanding loan balance for the program totaled \$3,827,434.
- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$83,972,488
Federal Portion	<u>30,868,170</u>
Total	<u>\$114,840,658</u>

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the Mississippi Department of Environmental Quality. When

STATE OF MISSISSIPPI
Notes to Schedules of Expenditures of Federal Awards (continued)

received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2017, was \$413,435,520. Total disbursements for new loans for the year ended June 30, 2017, totaled \$27,075,670. Administrative costs associated with the program for the year ended June 30, 2017, totaled \$1,316,684.

- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2017, was \$159,636,838. Total disbursements for new loans made during fiscal year 2017 totaled \$18,029,690. Administrative costs associated with the program for the year ended June 30, 2017, totaled \$594,979.
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$55,348,672 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.
- H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number. A listing of these programs follows:

CFDA Number	Program Name
10.555	National School Lunch Program (NSLP)
10.569	Emergency Food Assistance Program (Food Commodities)
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization

- *CFDA 10.555 — National School Lunch Program received \$200,030,094 including cash assistance and noncash assistance. Cash assistance totaled \$178,959,795 and noncash assistance totaled \$21,070,299.*
- *CFDA 93.268 — Immunization Grants received \$44,756,292 including cash assistance and noncash assistance. Cash assistance totaled \$2,594,086 and noncash assistance totaled \$42,162,206.*

- I. The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At

STATE OF MISSISSIPPI
Notes to Schedules of Expenditures of Federal Awards (continued)

the national aggregate level, however, Recovery Act funds account for approximately 0.64 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.

J. Contingencies.

The State of Mississippi has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State.

The Office of the Governor – Division of Medicaid has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states, including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS approximates \$28 million for the Division of Medicaid.

The Mississippi Department of Public Safety (DPS) was notified by the U.S. Department of Transportation that approximately \$7,100,000 of costs expended by DPS in execution of the Highway Safety Grant Programs was unallowable. DPS is currently negotiating the amount to be reimbursed due to those ineligible expenditures. As of the date of this report, the amount, plus interest and penalties, has not been determined; however, the estimated amount due ranges from \$7,000,000 to \$13,000,000.

K. The State of Mississippi's major federal programs for the year ended June 30, 2017, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA Number	Program Name
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
20.509*	Formula Grants for Rural Areas
84.010	Title 1 Grants to Local Educational Agencies
84.048*	Career and Technical Education – Basic Grants to States
	Special Education Cluster (IDEA)
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.287*	Twenty-First Century Community Learning Grants

STATE OF MISSISSIPPI
Notes to Schedules of Expenditures of Federal Awards (continued)

84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
	TANF Cluster
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
	CCDF Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667*	Social Services Block Grant
93.767	Children's Health Insurance Program
	Medicaid Cluster
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
96.001	Social Security Disability Insurance
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

*Denotes a Type B Program

STATE OF MISSISSIPPI
Notes to Schedules of Expenditures of Federal Awards (continued)

Appendix “A”

The following state agencies have negotiated an indirect cost rate and have not opted to use the de minimis rate of 10% as allowed in Uniform Guidance:

Board of Animal Health
Community College Board
Department of Agriculture and Commerce
Department of Education
Department of Employment Security
Department of Environmental Quality
Department of Finance and Administration
Department of Health
Department of Human Services
Department of Marine Resources
Department of Mental Health
Department of Transportation
Department of Public Safety
Department of Rehabilitation Services
Division of Medicaid
Mississippi Attorney General
Mississippi Development Authority
Mississippi Department of Veterans Affairs

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Schedule of Findings and Questioned Costs
Part 1 – Summary of Auditor’s Results



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STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

Type of auditor's report issued on compliance for major programs:

Unmodified for all major programs except for the CHIP Program (CFDA 93.767); CCDF Cluster (CFDA 93.575/ 93.596); TANF Cluster (93.558); SSBG Program (CFDA 93.667); LIHEAP Program (93.568); and SNAP Cluster (10.551/ 10.561) which were qualified;; and except for the state's public universities for which a separate report was issued.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

CFDA

<u>Number</u>	<u>Major Program Identification</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
	SNAP Cluster
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	Child Nutrition Cluster
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSPC)
20.509*	Formula Grants for Rural Areas
84.010	Title 1 Grants to Local Educational Agencies
84.048*	Career and Technical Education – Basic Grants to States
	Special Education Cluster (IDEA)
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.287*	Twenty-First Century Community Learning Grants
84.367	Improving Teacher Quality State Grants
93.074*	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
	TANF Cluster
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.568	Low-Income Home Energy Assistance
	CCDF Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667*	Social Services Block Grant

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

- 93.767 Children's Health Insurance Program
 - Medicaid Cluster
- 93.775 State Medicaid Fraud Control Units
- 93.777 State Survey and Certification of Health Care Providers and Suppliers
(Title XVIII) Medicare
- 93.778 Medical Assistance Program
- 96.001 Social Security Disability Insurance
- 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

*Denotes a Type B Program

Dollar threshold used to distinguish between
Type A and Type B programs:

_____ \$22,765,866

Auditee qualified as low-risk auditee?

___ yes X no

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**Schedule of Findings and Questioned Costs
Part 2 – Financial Statement Findings**



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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 2 – FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has one of the following designations:

- **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the state’s financial statements will not be prevented, or detected and corrected on a timely basis.
- **Significant Deficiency** – 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.
- **Material Noncompliance** – Matters coming to the auditor’s attention relating to the state’s compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 2 – FINANCIAL STATEMENT FINDINGS

Finding Number **Finding and Recommendation**

DEPARTMENT OF EDUCATION

MATERIAL WEAKNESSES

2017-014 The Office of Accounting internal controls and procedures over review and reconciling MDE’s general ledger account did not detect materially misstated account balances.

Repeat Finding Yes; Material Weakness Finding 2016-036

Criteria Internal control procedures affect an agency’s ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

Condition The GAAP package for fund 5320100000 prepared by the Office of Accounting and submitted to the Department of Finance and Administration (DFA) was materially misstated; which has not detected by the Office of Accounting. The year-end account balances for due from federal government, unearned federal revenue, accounts payable, and the related expenditures were materially misstated.

Cause The Office of Accounting does not have procedures for reviewing and reconciling the Department’s general ledger and account detail for the selected funds throughout the year or at year-end.

Effect The due to federal government and unearned federal revenue account balances were overstated by \$42,026,163 and \$7,510,365, respectively. Adjustments were also made to accounts payable in the amount of \$3,405,569.

Recommendation MDE should develop and implement procedures for reviewing the general account balance detail for each fund. All transactions recorded by DFA should be reviewed, supported and agreed to by MDE. MDE should notify DFA of adjustments within the account detail that should be made. While DFA is responsible for posting year-end accruals and entity-wide journal entries for statewide reporting purposes, MDE’s (and all state departments) general ledger account balances are the Department’s responsibility.

Views of Responsible Officials Management at the Mississippi Department of Education concurs with the finding. See additional comments in the Corrective Action Plan on page 159 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

2017-015	<u>Procedures over accounting for grants should be strengthened in order to accurately present grant activity and the related grants receivable, due from federal government and unearned federal revenue account balances.</u>
Repeat Finding	Yes; Material Weakness Finding 2016-037
Criteria	Internal control procedures affect an agency’s ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.
Condition	<p>The account balance detail for grants receivable (due from federal government) and unearned federal revenue was not supported by the activity of individual grant. The Office of Accounting maintains the grant schedule which is used to assist the Office of Accounting with determining the year-end grants receivable and related unearned revenue account balance. We selected grants receivable and unearned federal revenue transactions for testing and noted that the transactions may not reflect the year-end activity of the individual grant, but rather the activity of several grants within the specific federal program (Title I, Special Education Cluster, etc. Child Nutrition Cluster) or grants closed in prior years. The schedule is maintained based on grant activity in MAGIC.</p> <p>For GAAP package reporting purposes, grants with excess cash receipts over expenditures were identified as unearned and grants with excess expenditures over cash receipts was identified as a receivable, which resulted in materially misstated grants receivable and unearned revenue account balances. In order to determine the grants receivable and unearned federal revenue balance, the total grant activity at the program level was used.</p> <p>Grants receivable and unearned revenue should be calculated at the individual grant award level order to accurately determine the grants receivable and unearned grant revenue balances at year-end.</p>
Cause	DFA instructed MDE to report the grant activity separately for each grant. MDE did not update the grant schedule accordingly; therefore, the GAAP package presentation did not reflect the accurate account balance for due from federal government and unearned federal revenue.
Effect	The accounts receivable and unearned federal revenue account balances were overstated by \$42,026,163 and \$7,510,365, respectively.
Recommendation	We recommend that MDE continue to report new and future grant activity by each grant, and retroactively update grant activity in order to accurately reflect the grants in MAGIC. Also, until DFA accurately reflects the individual grant activity in MAGIC, a grant schedule should accurately reflect the grant activity of each grant and be reconciled to MAGIC. This will provide support for the year-end adjustment and reporting of the grants receivable and unearned revenue account balance.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Views of Responsible

Officials Management at the Mississippi Department of Education concurs with the finding. See additional comments in the Corrective Action Plan on page 160 of this audit report.

SIGNIFICANT DEFICIENCIES

2017-016 Procedures over documentation of employee’s leave and reconciliation of the department’s leave balance to the Statewide Payroll and Human Resource System (SPAHRs) needs to be strengthened.

Repeat Finding No

Criteria Internal control procedures affect an agency’s ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

Condition During our test of effectiveness over compensation, we noted that documentation to support approved leave for one employee was not provided. Furthermore, MDE did not provide documentation of timely review and reconciliation of employee’s leave balances to SPAHRs for fourteen employees, and did not provide documentation of the review for eight employees.

Cause The department leave keepers did not consistently comply with MDE’s procedures for documenting approved leave and reviewing SPAHRs leave report.

Effect MDE’s aggregate compensating leave balance may be incorrect. The risk of employee’s abuse of leave may increase due to inconsistent application of procedures and controls.

Recommendation MDE should review the current procedures over employee’s leave to determine if the procedures adequately instruct the departments and schools on documenting employee’s leaves and performing timely reviews of employee’s leave balances in SPAHRs.

Views of Responsible

Officials Management at the Mississippi Department of Education concurs with the finding. See additional comments in the Corrective Action Plan on page 160 of this audit report.

2017-017 Procedures over recording vendors disbursements in the correct period needs to be strengthened.

Repeat Finding No

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Criteria	Internal control procedures affect an agency’s ability to process financial transactions that are authorized and accurate. MDE must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.
Condition	During our testing of the accounts payable balance, we identified several transactions that were incorrectly recorded as fiscal year 2018 instead of fiscal year 2017.
Cause	The transactions were incorrectly recorded due to a data entry error.
Effect	MDE’s accounts payable balance at year-end was incorrect.
Recommendation	MDE should review the current procedures to ensure that staff are instructed to record vendor disbursements based on the accounting period in which the service was performed and/or good received.
Views of Responsible Officials	Management at the Mississippi Department of Education concurs with the finding. See additional comments in the Corrective Action Plan on page 162 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY

MATERIAL WEAKNESSES

2017-031 Controls Over the Recording of Accounts Payable Should be Strengthened.

Repeat Finding No

Criteria Invoices received during the 60 day lapse period after each fiscal year ended June 30th should be accrued and charged against the appropriate budget amount.

Condition During our audit, we sampled several invoices and tested for proper accrual. Multiple invoices, both material and non-material to the financial statements missed the cutoff period and were not accrued as of June 30, 2017.

Cause Invoices were received very late from vendors or from various departments within the Agency not remitting invoices timely to the central office to be processed by the accounting department.

Effect As a result, these invoices were posted as expenses in fiscal year 2018. Audit adjustments were posted totaling approximately \$1,680,000 to accrue these amounts as of June 30, 2017.

Recommendation We recommend procedures be put in place in which Agency personnel can make a reasonable effort to obtain invoices from vendors in a timely manner and submit them to the accounting department for processing and accrual during the lapse period as required.

Views of Responsible Officials Management at the Mississippi Department of Environmental Quality concurs with the finding. See additional comments in the Corrective Action Plan on page 163 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF FINANCE AND ADMINISTRATION

MATERIAL WEAKNESSES

2017-001 The Department of Finance and Administration Should Strengthen the Process for Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards.

Repeat Finding Yes; 2015-030 and 2016-010; Material Weakness Findings

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 post auditing. 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.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor’s report on internal control over financial reporting and the Schedule of Expenditures of Federal Awards (SEFA) are both required to be included in the Single Audit Report and both are an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in the suspension of federal discretionary drawdowns.

Condition The Department of Finance and Administration (DFA) was unable to provide the Office of the State Auditor with the necessary financial information to perform the audit of the CAFR within six months of the close of the 2017 fiscal year. Further, reporting issues at various individual state agencies as well as DFA’s current financial reporting process has hindered the ability of DFA to prepare a complete CAFR timely. The process is overly dependent on the post-audit program being a part of the internal control over financial reporting even though good internal controls state that the post-audit function should not be an internal control mechanism for any operational activity related to financial reporting. After financial packets were received from state agencies and reviewed by DFA, errors were noted by auditors that required adjusting journal entries to correct.

Other issues that required the financial information to be delayed included:

1. Significant errors in the recording of interagency receivables and payables (see finding 2017-005 for more detailed information);
2. Misstatements in amounts owed to/from federal agencies;
3. Transfer errors between funds;
4. Inaccuracies in financial reports produced by agencies; and
5. Untimely submission of closing GAAP Packets by the following agencies:

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Auctioneer Commission	Board of Dental Examiners
Board of Veterinary Medicine	Department of Archives and History
Department of Education	Department of Employment Security
Department of Environmental Quality	Department of Health
Department of Mental Health	Department of Public Safety
Department of Rehabilitation Services	Division of Medicaid
Ellisville State School	Insurance Department
Joint Legislative Reapportionment Committee	Mississippi Department of Banking and Consumer Finance
Mississippi Business Finance Corporation	Mississippi Development Authority
Mississippi Department of Transportation	Mississippi Public Utilities Staff
Mississippi Department of Wildlife, Fisheries, Parks	North Mississippi Regional Center
Mississippi Supreme Court	South Mississippi Regional Center
Public Service Commission	Specialized Treatment Facility
South Mississippi State Hospital	State Veterans Affairs Board
State Public Defender	

It should be noted that the Department of Finance and Administration – Office of Financial Reporting (DFA-OFR) obtained an extension for the CAFR from GFOA this year due to significant turnover in executive and management level personnel in state agencies. Additionally, DFA-OFR has made significant improvements in the overall consolidation process.

Cause Over reliance on the accounting knowledge and expertise of the centralized accounting functions at DFA - OFR. See finding 2017-006 for additional information regarding this area.

Effect The failure of DFA-OFR to compile financial and federal award information accurately and in a timely manner resulted in 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 that 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 Finance and Administration implement procedures to ensure the timely compilation of financial and federal award information in order to help ensure the CAFR and Single Audit Report are both published in accordance with state and federal law.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

165 of this audit report.

2017-002 Written Policies and Procedures Should be in Place Related to Accounting and Reporting Matters.

Repeat Finding Yes; 2015-031 and 2016-009; Material Weakness Findings

Criteria *Section 27-104-3 Miss. Code Ann. (1972)* requires that the Department of Finance and Administration (DFA) prepare and issue a comprehensive reference manual or manuals of policies and procedures for each state agency and department to use, which may include chapters on various fiscal responsibilities, and maintaining financial records and preparing financial reports. DFA is also responsible for updating the manual(s) on a continuing basis.

Historically, DFA provided agencies with the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual, which provided agencies with policies and procedures related to the accounting system, input documents, output documents, internal control procedures, and accounting and reporting matters.

DFA has begun the process of rewriting sections of the MAAPP manual but has not completed a complete revision.

Condition During our review of the internal control environment for fiscal year 2017, we noted that the MAAPP manual has not been updated since the implementation of the Mississippi Accountability System for Government Information and Collaboration (MAGIC) on July 1, 2014, and does not consider system and accounting procedures specific to the MAGIC environment.

Cause DFA has not updated the MAAPP manual to reflect new policies and procedures since the implementation of MAGIC.

Effect Failure to have an adequate policy and procedure manual governing statewide accounting policies and procedures could result in misappropriation of assets and material misstatements in financial statements.

Recommendation To minimize the risk of financial misstatements and system security compromise, we recommend DFA update the MAAPP manual to ensure relevance of policies and procedures related to the accounting and internal control procedures in the statewide accounting system.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 166 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

2017-005 The State of Mississippi Should Strengthen the Process for Recording Interagency Transfers, Payables and Receivables.

Repeat Finding Yes; 2016-011 Material Weakness Finding

Criteria *Section 27-104-3 Miss. Code Ann. (1972)* requires that the Department of Finance and Administration (DFA) prepare and issue a comprehensive reference manual or manuals of policies and procedures for each state agency and department to use, which may include chapters on receipts, warrants and expenditures. DFA is also responsible for updating the manual(s) on a continuing basis.

Condition During testing for fiscal year 2017, we noted inconsistencies in the way differing state agencies accounted for interagency payables, receivables and transfers. We also noted that, due to these inconsistencies, the Department of Finance and Administration (DFA) were required to make reclassification and adjusting journal entries of approximately \$41 million in order to ensure material misstatement of the financial reports did not occur.

Cause Lack of governing policies regarding the recording of interagency payables, receivables and transfers. Additionally, lack of overriding controls in the statewide accounting system.

Effect The failure of the State to require consistency in the accounting treatment of payables, receivables and transfers could lead to material misstatement of the Comprehensive Annual Financial Report.

Recommendation We recommend the Mississippi Department of Finance and Administration implement overarching policies and procedures regarding interagency transfers, payables and receivables and communicate these policies to state agencies.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 167 of this audit report.

2017-006 The State of Mississippi Should Require Chief Fiscal Officers of State Agencies to hold Minimum Accounting Qualifications and Attend Mandatory Training.

Repeat Finding Yes; 2016-012 Material Weakness Finding

Criteria *Section 7-7-3 Miss. Code Ann. (1972)* states that the State Fiscal Officer (as defined by *Section 21-104-6 Miss. Code Ann. (1972)* as the Executive Director of the Department of Finance and Administration) shall conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the statewide accounting system.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Section 7-7-211 Miss. Code Ann. (1972) authorizes the State Auditor to establish training course and programs for the personnel of the various state and local governmental entities. These courses shall include, but are not limited to, topics on internal control, purchasing and property, governmental accounting and financial reporting, and internal auditing.

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 is a commitment to competence that demonstrates a commitment to retain competent employees. This principle of competency can be achieved through analysis of skills required for positions, training and development training.

Condition During testing for fiscal year 2017, we noted, through inquiry and observation, that the overall expertise level of accounting staff in various state agencies was not consistent, and that job requirements often did not specify applicants hold any specific accounting or governmental knowledge. We also noted that, although the Department of Finance and Administration (DFA) held GAAP conversion and accounting training courses to aid state agencies in compiling financial information, it was not a mandatory requirement and often agency personnel did not attend. Likewise, qualification and skill requirements were not consistently applied to Chief Financial Officers throughout the various state agencies.

The lack of overall understanding and application of proper accounting standards required the centralized accounting function of the state, DFA, to prepare significant adjusting and reclassification entries in order to prevent material misstatement. While the majority of entries would not have materially misstated accounts individually, in the aggregate, without adjustment, the financials would have been materially misstated.

Cause Lack of consistently applied agency qualifications for accounting personnel.

Effect The failure of the State to hire and retain competent staff could result in material misstatement of the financial statements.

Recommendation We recommend the Mississippi Department of Finance and Administration implement mandatory training sessions for accounting personnel and Chief Fiscal Officers. Additionally, we recommend the State of MS implement minimum qualifications for Chief Financial Officers.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 168 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

2017-027 Segregation of Duties Conflicts Exist within the Mississippi Accountability System for Government Information and Collaboration.

Repeat Finding Yes; 2015-029 and 2016-008 Material Weakness Findings

Criteria *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 control activities, such as proper segregation of duties, exist and are effective. Proper segregation of duties is essential to minimizing the risk of fictitious transactions and misstated financial position.

Segregation of duties is the sharing of responsibilities within a key process and dispersing the critical functions of that process to more than one person or department. At a minimum, the following functions are considered incompatible for proper segregation of duties:

- Custody
- Authorization or approval
- Recording or reporting

When proper segregation of duties is not practical, compensating controls, such as increased review and reconciliation, should be implemented to ensure proper internal control activities have been met. Good internal controls require effective segregation of duties within MAGIC to ensure critical business functions are performed by separate individuals to prevent incompatible duties which may allow users to perpetuate and conceal errors or fraud in the normal course of duty.

The Corrective Action Plans submitted in the fiscal year 2015 and 2016 audits of the Department of Finance and Administration (DFA) indicated that DFA personnel would require and certify that agencies had completed quarterly access reviews.

Condition During testwork performed for the fiscal year 2017, we noted the following prior year findings had not been corrected:

- Agencies did not certify annually that they had completed user access reviews quarterly.
- DFA did not review or verify that agencies were completing user access reviews on a quarterly basis or require annual certifications of access reviews.
- Ability to enter, post and approve transactions was not appropriately restricted to personnel.
- Ability to enter, post and approve transactions in the E-Grants (CRM) system was not appropriately restricted to agency personnel.

DFA has made notable progress in reducing segregation of duties conflicts each year since the initial implementation of MAGIC. A substantial number of improvements need to be implemented on an agency level; however,

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

overarching policies for review by DFA can help facilitate the process of agency level scrutiny.

Cause There are inadequate controls surrounding MAGIC’s user access, monitoring, and segregation of duties.

Effect Failure to properly segregate duties and limit user access among agency personnel greatly increases the risk of misappropriation of assets, inappropriate changes to data or files and both unintentional and intentional unauthorized activity which can result in misstatement of financial position. Additionally, with the augmented risk of misstatements of financial position, the need for timely and accurate reviews and appropriate control monitoring increases significantly. Further, such situations increase the need for additional documentation, outside monitoring, manual review, and external verification of MAGIC activities and transactions.

Recommendation We recommend that the Department of Finance and Administration (DFA) take the necessary steps to ensure user access is granted to all users under the "least privilege" principle and ensure that agencies are performing at least quarterly user access reviews of all user access (including contractors) to their business area. Agencies should certify to DFA on an annual basis that they have completed user access reviews at least quarterly. We additionally recommend that DFA develops a mechanism to ensure that agencies are complying with quarterly access review recommendations.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 169 of this audit report.

2017-028 Controls Should Be Strengthened Over the Security Audit Log of Mississippi’s Accountability System for Government Information and Collaboration.

Repeat Finding Yes; 2015-027 Material Weakness Finding

Criteria Mississippi’s Accountability System for Government Information and Collaboration (MAGIC) serves as the centralized statewide accounting system. State agencies utilize MAGIC on a daily basis as the State’s general ledger necessary to prepare financial statements and related footnote disclosures in accordance with generally accepted accounting principles.

Good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail, or security audit log, documentation should include evidence on how transactions are initiated, processed, recorded and summarized. Additionally, proper audit trail documentation also includes evidence of transactions that may have been voided, deleted, or changed after approval and initiation.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Inherent in the MAGIC system is a security audit log. This log records the following:

- Successful and unsuccessful dialog logon attempts
- Successful and unsuccessful transaction starts
- Successful and unsuccessful report starts
- Changes to user master records

Subsequent to the release of the 2015 CAFR, DFA turned on the audit logging functionality in the MAGIC system. However, the system logged every keystroke and the log file quickly became too burdensome to review or to maintain. DFA determined that the audit logging function was not serving the intended purpose and discontinued logging. DFA is in the process of evaluating alternate methods of exception based logging for the MAGIC system.

Condition During testwork performed for the fiscal year 2017 audit, we noted the following exceptions:

- Security audit logging functionality was not enabled for the MAGIC system; thereby eliminating the ability to monitor transactional changes in the MAGIC system.
- There is no formal review process for changes to critical MAGIC tables.
- Critical file data is not locked in production.

Cause Unknown

Effect Failure to adequately log transactional changes and to periodically review logs for appropriateness could result in untimely modification of data, security configuration changes, or fictitious transactions.

Recommendation We recommend that the Department of Finance and Administration enable the exception security audit log functionality in Mississippi’s Accountability System for Government Information and Collaboration system and strengthen controls over the periodic review of such logs.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 170 of this audit report.

SIGNIFICANT DEFICIENCIES

2017-003 Controls Should Be Strengthened Over the Vendor Master File and Issuance of Payments to One Time Vendors

Repeat Finding Yes; 2015-032 and 2016-016; Significant Deficiency Findings

Criteria The Department of Finance and Administration (DFA) is responsible for final approval of certain types of warrants issued by the State of Mississippi. These

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

warrants are initially approved at the Agency level and then routed to DFA for final approval. Before warrants can be approved for payment, vendor information must be entered into the State’s accounting system – Mississippi’s Accountability System for Government Information and Collaboration (MAGIC). Vendors are then assigned a unique numerical identifier so that payments can be documented and an audit trail can be reviewed.

Occasionally, warrants need to be issued on a singular basis to vendors. These “one time vendor” warrants are assigned a default vendor number and are not assigned a unique identifier. If, during the course of business, the same vendor requires additional warrants, agencies are required to request vendor information and enter the vendor into the MAGIC system, thereby assigning a unique identifier for future transactions.

In order to comply with The Code of Laws of the United States of America (26 U.S. Code Section 6041) regulations on the issuance of payments of \$600 or more, DFA has written policies to prohibit the use of the “one time vendor” distinction for any person or business issued a warrant for over \$600 for services rendered. DFA has classified certain expense general ledger accounts as “1099 vendor accounts” and will not approve warrants to any “one time vendor” when these general ledger accounts are expensed.

Condition	<p>During testwork performed for the fiscal year 2017 audit, we noted the following exceptions:</p> <ul style="list-style-type: none">• 6,098 instances in which the vendors classified as one time vendors were paid multiple warrants from the same state agency; therefore, vendor information was not appropriately requested or entered in the vendor master file.• Vendor master file data was not reviewed to ensure accuracy and completeness.
Cause	<p>DFA does not have adequate controls over the review of vendor master data.</p>
Effect	<p>Failure to periodically review vendor master data to ensure accurate and complete vendor information has been requested and entered can lead to an increased risk of creating fictitious, incorrect, or duplicate payments and a possible misstatement of financial position. Additionally, failure to review one time vendor payments could result in erroneous tax reporting.</p>
Recommendation	<p>We recommend that the Department of Finance and Administration strengthen policies over the use of the one-time vendor code and conduct a regular review of the vendor master file to ensure complete and accurate vendor information has been entered.</p>
Views of Responsible Officials	<p>Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 170 of this audit report.</p>

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

2017-004 Controls Should Be Strengthened Regarding Updated Policies and Procedures Relating to Journal Entry Approvals.

Repeat Finding Yes; 2016-017 Significant Deficiency finding

Criteria *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 control activities such as providing adequate policies and procedures to personnel have been implemented. These controls should include accurate and updated controls over how transactions are initiated, authorized, recorded, processed and reported.

Condition During testwork performed for the fiscal year 2017 audit, we noted inadequate documentation of the approval process for journal vouchers was provided. Documentation had not been updated since the implementation of MAGIC and still referenced controls and policies in use in the outdated statewide accounting system.

Cause DFA has not updated their internal policies to reflect changes in the accounting system since the implementation of MAGIC.

Effect Failure to update approved processes could lead to misappropriation of assets and material misstatements in financial statements.

Recommendation We recommend that the Department of Finance and Administration revise and update policies and procedures and that they be distributed to all applicable employees.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 171 of this audit report.

2017-007 Reports regarding the Cash Reconciliations in the Accounting System should be Accurate and Timely.

Repeat Finding Yes; 2015-028 Material Weakness Finding and 2016-018 Significant Deficiency Finding

Criteria The Department of Finance and Administration (DFA) is required to maintain the State’s general ledger necessary to support the preparation of financial statements and related footnote disclosures in accordance with generally accepted accounting principles. Additionally, DFA should have policies and controls in place to ensure the State’s cash balances maintained in the statewide accounting system, Mississippi’s Accountability System for Government Information and Collaboration (MAGIC), reconciles to the Mississippi Office of the State Treasurer’s (OST) cash balances to prevent and detect a material misstatement in the financial statements in a timely manner.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Additionally, *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 control activities, such as cash reconciliations, are performed timely and accurately.

Condition During testwork performed for the fiscal year 2017 audit, we noted that the Daily Average Cash Balance (DCAB) reports needed by the Office of the State Treasurer (OST) to reconcile bank records with OST financial records were not accurate and were not provided to OST by DFA timely.

Cause DFA is still in the process of designing the DCAB reports since the implementation of MAGIC.

Effect Failure to perform timely reconciliations can result in the possible risk of material misstatement of financial position and fraud.

Recommendation We recommend that the Department of Finance and Administration prepare and provide accurate cash reports to the Office of the State Treasurer.

Views of Responsible Officials Management at the Mississippi Department of Finance and Administration concurs with the finding. See additional comments in the Corrective Action Plan on page 171 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF HEALTH

MATERIAL WEAKNESSES

2017-025 Controls Over the Financial Reporting Process Should be Strengthened.

Repeat Finding No

Criteria Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

Condition The Mississippi State Department of Health (MSDH)'s procedures to ensure all significant revenue related to services provided through the clinics received after the lapse period are properly estimated and accrued into the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) need to be established.

Cause MSDH does not have an appropriate process to review, analyze and record an allowance for doubtful accounts related to services provided in the clinics.

Effect As a result, a material current year audit adjustment was recorded related to services provided through the clinics.

Recommendation For accounts receivable related to services provided in the clinics, we recommend management review, analyze and record an allowance for doubtful accounts on a monthly or quarterly basis. Management should compare actual results (cash collected and contractual allowances) to recorded estimates.

Views of Responsible Officials Management at the Mississippi Department of Health concurs with the finding. See additional comments in the Corrective Action Plan on page 186 of this audit report.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF HUMAN SERVICES

SIGNIFICANT DEFICIENCY

2017-021 Controls over Statewide Payroll and Human Resource System (SPAHRs) Security Access and Accrued Compensated Absences Should be Strengthened.

Repeat Finding No

Criteria 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 dictate that Statewide Payroll and Human Resources System (SPAHRs) User IDs/access be deactivated promptly for individuals no longer employed at the agency.

Good internal controls also dictate that employee leave recorded in SPAHRs be reviewed by agency personnel to ensure that employee time report cards are in agreement with leave that is entered in SPAHRs. In addition, the agency should periodically ensure employee leave balances are also in agreement with DFA's Accrued Compensated Absence Report.

Condition During our review over SPAHRs security access at the Mississippi Department of Human Services (MDHS) in fiscal year 2017, the following issues were noted:

- Four instances in which the individuals listed on the 9/30/2016 SPAHRs Security report were no longer employed at the agency but continued to have an active SPAHRs User ID.
- Seven instances in which individuals listed on the 12/31/2016 SPAHRs Security report were no longer employed at the agency but continued to have an active SPAHRs User ID.
- Seven instances in which individuals listed on the 3/31/2017 SPAHRs Security report were no longer employed at the agency but continued to have an active SPAHRs User ID.
- Nine instances in which individuals listed on the 6/30/2017 SPAHRs Security report were no longer employed at the agency but continued to have an active SPAHRs User ID.

During our testwork over accrued compensated absences for fiscal year 2017, we noted that in five of the ten employee leave balances tested that the cumulative 2017 leave reports in SPAHRs did not agree to the employee submitted time reports. Differences between employee time report card annual totals and SPAHRs balances ranged from 10 to 84 hours.

MDHS records employees' personal leave taken in SPAHRs from employee time report cards. Monthly time report cards are completed by an employee, reviewed by their supervisor then provided to the district timekeeper for input into SPAHRs.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Cause MDHS did not terminate access for separated employees in a timely manner or reconcile leave records to amounts recorded in SPAHRS.

Effect Failure to maintain adequate internal controls over SPAHRS User IDs/access could allow fraud to occur without being detected promptly.

Failure to accurately input employee leave balances in SPAHRS and conduct a reconciliation to DFA’s Accrued Compensated Absence Report could result in a misstatement of the accrued compensated absences liability balance for GAAP financial reporting and could yield incorrect available leave balances for employees.

Recommendation We recommend the Mississippi Department of Human Services review SPAHRS User IDs to ensure that an employee’s access to SPAHRS is deactivated immediately upon termination of that individual’s employment with the agency.

In addition, we recommend the agency strengthen internal controls related to their personal leave policies and procedures. The agency should establish procedures for reconciling their internal employee leave records to DFA’s Accrued Compensated Absence Report to ensure that the accrued compensated leave liability balance for GAAP financial reporting purposes is properly stated.

Views of Responsible

Officials Management at the Mississippi Department of Human Service concurs with the finding. See additional comments in the Corrective Action Plan on page 181 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF REHABILITATION SERVICES

MATERIAL WEAKNESS

2017-022 Controls Over the Reporting of Federal Revenue Should be Strengthened.

Repeat Finding No

Criteria Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

Condition Certain revenues totaling \$1,354,773 in General Fund 5334000000 were not recognized when they became measurable and available.

Cause The Department's accounting policies and procedures did not allow for these transactions to be applied to the appropriate period in accordance with the modified accrual basis of accounting.

Effect A restatement of beginning fund balance for General Fund 5334000000 was required to correct the recognition of the revenues previously described. The effect of the accounting correction to General Fund 5334000000 reduced the previously reported fund deficit at July 1, 2016.

Recommendation Management should implement a process, whereby similar transactions are recorded in the appropriate period in accordance with the modified accrual basis of accounting.

Views of Responsible Officials Management at the Mississippi Department of Rehabilitation Services concurs with the finding but does not concur that it should be a Material Weakness. See additional comments in the Corrective Action Plan on page 199 of this audit report and the response by the Office of the State Auditor on page 200.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

DEPARTMENT OF REVENUE

MATERIAL WEAKNESS

2017-011 Controls Should Be Strengthened over Adjustments to Taxpayer Accounts.

Repeat Finding Yes, 2015-016 and 2016-005

Criteria Good internal controls require a supervisory approval of significant and unusual adjustments made to taxpayer trial balances. The approval should be performed in a timely manner and adequately documented to identify the date of the approval.

Condition The Mississippi Automated Revenue System (MARS) has security function levels that allow the capacity to perform certain types of activity within the system. Of the 600 users with access to MARS, 489 users with security function level 2702, or 82 percent, have the capability to change, transfer and reverse returns in the MARS system without another user interacting with the transaction. This function relates to manually clearing computer edit exceptions during the submission of tax returns in order to initially post the returns in the system, which is a fundamental job responsibility of many DOR employees who work return exceptions from work list queues tailored specifically for the employee. However, the function also allows return changes to be entered after the initial posting of a return, which results in a new system version of a return being created and posted to taxpayer account trial balances, without requiring any approval from another MARS user. The agency created a computer change request during fiscal year 2015 in response to this similar prior year finding in order for electronic MARS notifications to be sent to supervisors/managers when return change transactions greater than \$5,000 are made after the original return posting (i.e., amendments). However, per review of the computer change request and discussion with agency personnel, this change was not implemented during fiscal year 2017.

Cause Unknown

Effect Failure to require a supervisory review and approval of significant and unusual adjustments to taxpayer account balances could result in errors or fraud occurring and not being timely detected, which could result in misstatements to the agency's financial statements.

Recommendation We recommend the Mississippi Department of Revenue strengthen controls over adjustments to taxpayer accounts by ensuring significant and unusual adjustments in the Mississippi Automated Revenue System are approved by appropriate management personnel. The approval should be documented for internal monitoring and audit purposes.

Views of Responsible Officials Management at the Mississippi Department of Revenue concurs with the finding. See additional comments in the Corrective Action Plan on page 183 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

SIGNIFICANT DEFICIENCIES

2017-012	<u>Controls Should Be Strengthened over the Reconciliation of Alcohol Beverage Control Taxes.</u>
Repeat Finding	Yes, 2016-007
Criteria	<i>The Mississippi Code Annotated (1972)</i> dictates distribution of state tax collections. Good internal controls dictates an automated system should be reconciled to ensure files created by the system agree with agency records and the state general ledger system.
Condition	<p>Alcohol Beverage Control (ABC) taxes were converted into the Mississippi Automated Revenue System (MARS) in October of 2015 during fiscal year 2016. MARS replaced the former method of diverting tax collections to a computer automated process. Through observations and discussions with management, it appears that MARS has been tested by the Department of Revenue (DOR) and the MARS developer to ensure the system is properly programmed to automate tax diversions based on specific tax laws as included in the Miss. Code Ann. (1972).</p> <p>Since the implementation of ABC taxes into MARS, DOR has not performed a documented routine reconciliation between diversions files created by MARS to DOR’s transfer records and balances recorded in the Mississippi Accountability System for Government Information and Collaboration (MAGIC).</p> <p>Based on testwork performed over the Fund 3389500000 GAAP Packet, the following adjustments were made by auditor:</p> <ul style="list-style-type: none">• ‘Sales’ account was debited for \$5,298,891 and ‘Liquor Tax’ was credited by the same amount to correct the reversing credit entry to Sales during fiscal year 2017. ‘Sales’ instead of ‘Liquor Tax’ was erroneously debited during an accrual entry for fiscal year 2016. The entry reversed in fiscal year 2017 and resulted in an over-statement of Sales revenue.• ‘Sales’ was credited for \$1,405,695; ‘Liquor Tax’ was credited for \$544,116; ‘Accrued Taxes Payable’ was credited for \$136,402; ‘Unearned Revenue’ was debited for \$2,086,213. These entries were made to recognize MARS revenue in MAGIC for transactions that occurred on June 28, 2017.
Cause	The agency does not currently have a reconciliation process between agency records, MARS, and MAGIC balances.
Effect	Failure to reconcile files created by the Mississippi Automated Revenue System to agency records and the Mississippi Accountability System for Government Information and Collaboration could result in misstatements to the State’s financial statements. Failure to properly reconcile revenue in fiscal year 2017 resulted in misstatements that were corrected by audit via adjusting entries.
Recommendation	We recommend the Mississippi Department of Revenue strengthen controls over the diversion of Alcohol Beverage Control tax collections. Reconciliations should be

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 2 – Financial Statement Findings (continued)**

routinely performed over diversion files created by the Mississippi Automated Revenue System and agency’s transfer records for taxes and balances recorded in the Mississippi Accountability System for Government Information and Collaboration.

Views of Responsible Officials

Management at the Mississippi Department of Revenue concurs with the finding. See additional comments in the Corrective Action Plan on page 184 of this audit report.

2017-013 Controls Over Accrued Compensated Absence Should Be Strengthened.

Repeat Finding No

Criteria Good internal controls require that employee leave recorded in the Statewide Personnel and Human Resource System (SPAHRs) be reviewed by agency personnel to ensure that leave slips are in agreement with leave that is entered in SPAHRs. In addition, good internal control requires that the agency should periodically ensure that the agency’s records of employee leave balances are also in agreement with DFA’s Accrued Compensated Absence Report.

Condition During our review of accrued compensated absences, we noted five instances in which the total hours taken per the employee leave slips did not match the hours taken on the SPAHRs browse leave report. Our testwork also revealed that the agency does not reconcile their internal employee leave balance records to DFA’s employee leave balance.

Cause Unknown

Effect Failure to timely update employee leave balances and conduct a reconciliation to DFA’s Accrued Compensated Absence Report could result in a misstatement of the accrued compensated absences liability balance for GAAP financial reporting and could yield an incorrect available leave balances for employees.

Recommendation We recommend that the Mississippi Department of Revenue strengthen internal controls related to their personal leave policies and procedures. This should include establishing a process to ensure leave is timely reported in SPAHRs to allow for accurate available leave balances. The agency should also establish procedures for reconciling their internal employee leave records to DFA’s Accrued Compensated Absence Report to ensure that the accrued compensated leave liability balance for GAAP financial reporting purposes is properly stated.

Views of Responsible Officials

Management at the Mississippi Department of Revenue concurs with the finding. See additional comments in the Corrective Action Plan on page 184 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF TRANSPORTATION

MATERIAL WEAKNESSES

2017-018 Controls Should be Strengthened Over the Financial Close Process to Ensure GAAP Packet and Capital Assets are Reported Timely and Accurately

Repeat 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.

Additionally, Generally Accepted Accounting Principles (GAAP) requires the notes to the financial statements to be free from material misstatement, whether due to fraud or error.

Condition During our review of financial reporting at the Mississippi Department of Transportation (MDOT), we noted agency personnel did not prepare their GAAP packet for Capital Assets 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 06, 2017. MDOT was granted an extension to submit the completed packet by DFA-OFR until September 22, 2017. However, the GAAP packet for Capital Assets was not submitted until September 26, 2017.

Additionally, during our review of the Capital Asset GAAP Packet we identified the following error in the notes to the financial statements that required correction:

- The Note 8 Infrastructure Construction in Progress Project Authorization amount was overstated by \$453,272,685. The overstatement is due to the Fiscal Year 2017 Closed Projects not being properly removed.

Cause MDOT did not submit their Capital Assets GAAP Packet in a timely manner. Additionally, MDOT did not adequately review their Capital Assets GAAP Packet.

Effect The failure of agency personnel to prepare their GAAP packets 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

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

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.

In addition, the Single Audit Act requires the State to issue the Single Audit Report within nine months of fiscal year end, and no extensions are granted. The independent auditor’s report on internal control over financial reporting and the schedule of expenditures of federal awards (SEFA) are both required to be included in the Single Audit Report and both an integral part of the financial audit of the State. The failure to timely complete the CAFR could also hinder the timely submission of the Single Audit Report which could result in federal discretionary drawdowns being suspended.

Failure to accurately disclose current year CIP Project Authorization amounts could result in a material misstatement in Mississippi’s Comprehensive Annual Financial Report (CAFR).

Recommendation We recommend the Mississippi Department of Transportation strengthen internal controls to ensure their capital assets are reported timely, accurately, and in accordance with federal and state law.

Views of Responsible Officials Management at the Mississippi Department of Transportation concurs with the finding. See additional comments in the Corrective Action Plan on page 189 of this audit report.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 2 – Financial Statement Findings (continued)**

DEPARTMENT OF WILDLIFE, FISHERIES, & PARKS

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.

Views of Responsible Officials Management at the Mississippi Department of Wildlife, Fisheries, and Parks concurs with the finding. See additional comments in the Corrective Action Plan on page 203 of this audit report.

**SIGNIFICANT DEFICIENCY
 IMMATERICAL 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.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

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.

Views of Responsible Officials Management at the Mississippi Department of Wildlife, Fisheries, and Parks concurs with the finding. See additional comments in the Corrective Action Plan on page 204 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

DIVISION OF MEDICAID

**SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE**

2017-010 Controls Should Be Strengthened to Ensure Compliance with Laws and Regulations Regarding Timely Treasury Deposits.

Repeating Finding No

Criteria Good internal controls dictate cash receipts be deposited into the Treasury 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.

Condition During our review of sixteen cash receipts for hospital assessments at the Mississippi Division of Medicaid, we noted nine instances in which funds were not deposited in a timely manner.

Cause Unknown

Effect 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 Division of Medicaid ensure that all that cash receipts deposited into Treasury are made timely and in compliance with state law.

Views of Responsible Officials Management at the Mississippi Department of Wildlife, Fisheries, and Parks concurs with the finding. See additional comments in the Corrective Action Plan on page 195 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

MISSISSIPPI DEVELOPMENT AUTHORITY

MATERIAL WEAKNESSES

2017-029 Controls Over the Reporting of Tax Abated Revenue Should be Strengthened in Accordance with *Governmental Accounting Standards Board Statement Number 77* and Generally Accepted Accounting Principles.

Repeat Finding No

Criteria *The Committee of Sponsoring Organizations of the Treadway Commission (COSO) dictates that in order for organizations to have effective internal control, effective risk assessment must be in place. A component of effective risk assessment includes the application of entity level financial reporting that is specific, measurable, attainable, relevant and timely. This application includes obtaining information in order for financial statements to be presented in accordance with generally accepted accounting principles (GAAP).*

Governmental Accounting Standards Board (GASB) issued *Standard Number 77: Tax Abatement Disclosures* in August 2005 with implementation for all financial statements with periods beginning after December 15, 2015. The State of Mississippi’s 2017 CAFR’s period began on July 1, 2016; thereby making the implementation of GASB 77 effective for the fiscal year under audit.

GASB 77 requires that governments entering into tax abatement agreements disclose the following information about the agreements (as summarized):

- Brief descriptive information;
- Gross dollar amount of taxes abated unless legally prohibited; and
- Commitments made by governments other than to abate taxes.

Condition The Mississippi Development Authority (MDA) has executed Memorandum’s of Understanding (MOU’s) with various companies for specific tax abatements in order to secure economic growth for the State of Mississippi. These MOU’s detail the specific tax abatements that the companies receive and the conditions under which they are granted. In approximately nine of these MOU’s, MDA has agreed to provide two types of sales tax exemptions:

1. Sales Tax Exemptions on Construction costs during the period of Construction titled “The Sales and Use Tax Exemption to Establish and Operate the Project Program;” and
2. Sales Tax Exemptions on purchases made in Mississippi for the perpetual operation of an eligible project titled “The Sales and Use Tax Exemption for Machinery, Tooling, Leases, Repair Parts and Services Program.”

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Due to the nature of these abatements, MDA cannot provide actual gross amounts of the taxes abated. However, there is not a legal prohibition to disclose the amounts of the abatements; therefore, the amounts should be disclosed and, if material in nature, audited in order to abide by Governmental Accounting Standards and generally accepted accounting principles.

It should be noted that GASB 77 was not effective when the original MOU's were authorized by the Legislature of the State of Mississippi nor when MDA entered into the agreements.

Cause MDA does not currently have a mechanism to track the amount of tax revenue abated for Sales Tax Exemption Abatements.

Effect Failure to provide actual gross amounts of abatements or a reasonable estimate can result in financial statements that are not in accordance with GAAP.

Recommendation We recommend the Mississippi Development Authority, in conjunction with the Department of Finance and Administration, Department of Revenue, and Mississippi Legislature work in partnership to develop a mechanism to track the amount of sales tax exemptions.

Views of Responsible

Officials Management at the Mississippi Development Authority concurs with the finding. See additional comments in the Corrective Action Plan on page 187 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)

OFFICE OF THE STATE TREASURER

**SIGNIFICANT DEFICIENCY
IMMATERIAL NONCOMPLIANCE**

2017-019 Controls Should Be Strengthened over Cancelled Warrants Payable to Ensure Compliance with State Law.

Repeat Finding No

Criteria Section 7-7-42, Miss. Code Ann. (1972) states any warrant issued by the state against any fund in the State Treasury which has not been presented to the Office of the State Treasurer (OST) for payment within one year after the last day of the month in which it was originally issued, shall be null and void, the obligation thereafter shall be unenforceable. After which, the Department of Finance and Administration shall transfer the funds reflected by the cancellation of the warrant to the Abandoned Property Fund at OST where the funds shall remain for five years. After five years, if the funds are unclaimed, the OST shall transfer the funds back to the original source of funds.

Condition Based on testwork over cancelled warrants payable at OST, we noted OST maintained cancelled warrants in the Abandoned Property Fund for periods longer than five years after the warrants were originally expired and transferred into the Abandoned Property Fund.

During the lapse period of state fiscal year 2017 in July 2017, the agency returned \$4,325,401 to the Department of Revenue for unclaimed income tax refunds; however, cancelled warrants payable at fiscal year-end 2017 was not adjusted with the Fund 3317800000 GAAP Packet by OST. Auditor proposed an adjustment, approved by OST management, to reclassify this liability as Due To Other Funds. The warrants were maintained in the Unclaimed Property Fund for longer than five years prior to June 30, 2017; therefore, these amounts should have been returned prior to fiscal year end.

Cause OST personnel stated that due to the implementation of a new statewide accounting system in fiscal year 2015, the return process for five-year cancelled warrants was delayed until July of 2017.

Effect The delay in returning funds to original agencies, after unclaimed in the Abandoned Property Fund for five years, results in an overstatement of cancelled warrants liability in the financial statements, as well as noncompliance with state law. In addition, the original agencies could use the funds to defray against costs incurred in current budget periods.

Recommendation We recommend the Office of the State Treasurer strengthen controls over cancelled warrants payable in the Abandoned Property Fund to ensure compliance with state law. After remaining unclaimed in the Abandoned Property Fund for five years,

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

funds should be returned to the original agency sources in a timely manner to ensure efficient use of state resources.

Views of Responsible

Officials Management at the Mississippi Office of the State Treasurer concurs with the finding. See additional comments in the Corrective Action Plan on page 201 of this audit report.

SIGNIFICANT DEFICIENCY

2017-020 Controls Should Be Strengthened over Arbitrage Calculations

Repeat Finding Yes; OTH 16-01

Criteria Per Internal Revenue Service (IRS) guidance on the instructions for form 8038-T (arbitrage rebates), issuers must pay arbitrage rebates in installments for computation dates that occur at least once every five years. Rebate payments are due within 60 days after each computation date. The final rebate payment for an issue is due within 60 days after the issue is discharged. Also, good internal controls require supervisory review of accounting information submitted to a third party.

Condition During testwork performed over arbitrage calculations at the Office of the State Treasurer (OST), we noted OST did not prepare calculations for six of the nine bond issues within the timeframe specified by the Internal Revenue Service (IRS). The agency did send information to a third party in order to prepare arbitrage calculations for the bond issues; however, six calculations were received late ranging from 12 to 94 days. It should be noted that the calculations revealed there were no arbitrage payments due to the IRS. In addition, we noted no evidence of supervisory review of arbitrage cash flow schedules sent by OST to the consulting firm used as the basis for the arbitrage calculations.

Cause Agency personnel did not request arbitrage calculations from the third party in a timely manner. Also, accounting reports used as a basis for arbitrage liability calculations were sent by OST to the third party without supervisory review.

Effect Failure to ensure correct arbitrage calculations are prepared and rebates are paid within the timeframe specified by the Internal Revenue Service (IRS) could result in penalties and/or loss of tax exempt status for the bond issue. Failure to review accounting information sent to the consultant could result in an incorrect calculation of arbitrage liability.

Recommendation We recommend the Office of the State Treasurer strengthen controls to ensure all bonds are monitored for the timing of arbitrage calculations and rebate submissions, and that those calculations and rebate submissions occur timely, in accordance Internal Revenue Service regulations. In addition, we recommend the agency ensure that accounting information submitted to the third party is reviewed and approved by supervisory personnel.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 2 – Financial Statement Findings (continued)**

Views of Responsible

Officials

Management at the Mississippi Office of the State Treasurer concurs with the finding. See additional comments in the Corrective Action Plan on page 202 of this audit report.

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Schedule of Findings and Questioned Costs
Part 3 – Federal Award Findings and Questioned
Costs



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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.16*

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Appendix XI to the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*.

Each finding has one of the following designations:

- ❖ **Material Weakness** – *A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.*
- ❖ **Significant Deficiency** – *A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*
- ❖ **Material Noncompliance** – *Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgment have a direct and material effect on a major federal program.*
- ❖ **Immaterial Noncompliance** – *Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements that do not have a direct and material effect on a major federal program.*

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

Finding Number Finding and Recommendation

DEPARTMENT OF EDUCATION

REPORTING

Significant Deficiency
Immaterial Noncompliance

2017-032 Procedures Over Accounting for Program Expenditures Should Be Strengthened in Order to Accurately Determine the Amount of Federal Awards Expended During the Audit Period.

CFDA Number 10.553, 10.555, 10.556, 10.559 – Child Nutrition Cluster
10.558 – Child and Adult Care Food Program

Federal Award CN14-1099
CN15-1099
CN16-1099
CN17-1099

Pass-through Entity N/A

Questioned Costs Undetermined

Repeat Finding No

Statistically Valid N/A

Criteria Control: 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (the Uniform Guidance) requires non-Federal entities to establish and maintain effective internal controls over Federal awards so that they provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards per 2 CFR section 200.303(a).

Compliance: 2 CFR 200.502 Basis for determining Federal awards expended. Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.

Condition In order to determine completeness of the program expenditures tested for each major program, the expenditures reported in the statewide accounting system, Mississippi’s Accountability System for Government Information and Collaboration (MAGIC), were compared to the program expenditures reported on the fund grant schedule. Upon notification of the differences, MDE was able to provide documentation to reconcile the differences to an immaterial amount.

Cause MDE did not complete the process of reconciling the fund grant schedules to MAGIC to ensure that the current year grant activity for each active grant was accurately reflected in the accounting system and the fund grant schedule.

Effect The grant schedule and/or MAGIC do not accurately reflect the federal program expenditures for the audit period. This affects the accuracy of the SEFA and its “in relation” to the fund financial statements.

Recommendation We recommend that MDE continue to report new and future grant activity by each grant and retroactively update grant activity in order to accurately reflect the grants in MAGIC and the Schedule of Expenditures of Federal Awards.

Views of Responsible Officials Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 157 of this audit report.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

DEPARTMENT OF HEALTH

ALLOWABLE COSTS AND ACTIVITIES

*Significant Deficiency
 Immaterial Noncompliance*

2017-026 Controls Should be Strengthened to Ensure Compliance with Application, Monitoring and Oversight of Time Study Policies and Procedures.

CFDA Number 10.577 – Special Supplemental Nutrition Program for Women, Infants, and Children (SNAP)

Federal Award 5MS700704 (2012 – 2016)
 16165MS704W1006
 16165MS704W1003
 15155MS704W5003

Pass-through Entity N/A

Questioned Costs N/A

Repeat Finding Yes; 2016-044

Statistically Valid No

Criteria Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort.

Condition During our testing, we noted the Mississippi State Department of Health (MSDH) has not modified the relative values table to address findings/inconsistencies noted in prior years’ audits. The table used in prior years was carried forward to 2017, with the exception that service code 15 was removed in 2016. The following are deficiencies communicated to MSDH management in the prior year when the relative values table was originally audited and remain uncorrected in the current year:

- Two instances in which the service codes (83B and 85A) could not be traced to the standard time report, and the relative value table did not agree to auditor calculation of an average of the previous few years’ relative value tables.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

- One instance in which service code 82A did not agree to the standard time report. A clerical error was noted on the standard time report in which it should have been listed as 82A and not 83A.
- One instance in which service code 29 did not appear on the standard time value table in which time was recorded for nurses, nurse practitioners and doctors on the relative value table.
- One instance in which a program code listed on the standard time value table for service code 99B did not agree to the program code on the relative value table. On the relative value table, it was listed as GA, whereas on the standard time value table, it was listed as OT.
- There was no supervisory review of the relative value table for the last several years.

Cause MSDH does not have the proper internal controls to ensure the data obtained and maintained is complete and accurate for relative value tables. MSDH did not update the relative value tables in response to the prior year finding.

Effect Failure to modify inaccurate relative values data could result in the misallocation of federal funds and questioned costs. MSDH may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.

Recommendation We recommend MSDH strengthen internal controls to ensure sufficient application, monitoring and oversight of time study policies and procedures.

Views of Responsible Officials Management at the Mississippi Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 185 of this audit report.

STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)

DEPARTMENT OF HUMAN SERVICES

REPORTING

Significant Deficiency

2017-039 Controls Should be Strengthened Over the Submission of Required Federal Reports.

CFDA Number 10.551 - Supplemental Nutrition Assistance Program
10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Federal Award 12-35-2841 B16
12-35-2841 B17

Pass-through Entity N/A

Questioned Costs N/A

Repeat Finding Yes; 2016-026 and 2015-004

Statistically Valid The sample is considered statistically valid.

Criteria The *Code of Federal Regulations* (45 CFR Part 98.70) requires a “Quarterly Financial Status Report” (ACF-696) for the Child Care and Development Fund (CCDF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.

The *Code of Federal Regulations* (45 CFR Part 265.3) requires a “TANF Data Report” (ACF-199) for the Temporary Assistance to Needy Families (TANF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families (ACF). Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

The *Code of Federal Regulations* (7 CFR Part 274.4) requires a “Issuance Reconciliation Report” (FNS-46) to be submitted by a State agency operating an issuance system for the Supplemental Nutritional Assistance Program (SNAP) to the Food and Nutrition Service no later than 90 days following the end of the report month. Reports are required for every month. The *Code of Federal Regulations* (7 CFR Part 273.18) requires a “Status of Claims Against Households” (FNS-209) for the SNAP program to be completed and submitted in accordance with instructions provided by the Food and Nutrition Service. Those instructions require States to submit quarterly reports. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.

Good internal controls over reporting should include a timely and independent review of information reported.

Condition During testwork performed for the program specific reporting requirements of the SNAP program during fiscal year 2017, we noted the following exceptions:

- Two of the monthly FNS-46 reports tested were not submitted within 90 days after the end of the reporting period. Reports averaged 6 days late.
- One of the quarterly FNS-209 reports tested was not signed as approved by supervisory personnel.

Cause Staff were either unaware of or did not follow policies and procedures related to federal reporting requirements.

Effect Failure to timely review and submit reports could result in reporting penalties and could impact funding determinations.

Recommendation We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Agriculture.

Views of Responsible Officials Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 177 of this audit report.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

SUBRECIPIENT MONITORING

*Material Weakness
Material Noncompliance*

2017-038 Controls Should Be Strengthened over Subrecipient Monitoring for OMB Uniform Guidance/Circular A-133 Audits.

CFDA Number 10.551 - Supplemental Nutrition Assistance Program
10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558 - Temporary Assistance for Needy Families State Programs
93.667 - Social Services Block Grant
93.575 - Child Care and Development Block Grant
93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.568 - Low Income Home Energy Assistance Program

Federal Award No.	SNAP Letter of Credit	G1301MSCDDF 2013
	G1301MSSOSR 2013	G1401MSCCDF 2014
	G1401MSSOSR 2014	G1501MSCCDF 2015
	G1302MSTANF 2013	G13B1MSLIEA 2014
	G1402MSTANF 2014	G15B1MSLIEA 2015
	G1502MSTANF 2015	

Pass-through Entity N/A

Questioned Costs N/A

Repeat Finding Yes - 2016-028 in 2016; 2015-009 in 2015; 2014-016 in 2014

Statistically Valid The sample is considered statistically valid.

Criteria The Office of Management and Budget (OMB) Uniform Guidance/Circular A-133 states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 (subrecipients subsequent to 12/26/2014) or \$500,000 (subrecipients prior to 12/26/2014) or more in Federal awards during their fiscal year have met the audit requirements of OMB Uniform Guidance/Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity – Office of Monitoring (OM) audit

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2015. During our review, we noted the following exceptions:

- Of 23 subgrantees tested, we noted six instances where the OMB Uniform Guidance/Circular A-133 audit reports/SAIF forms for the subgrantee were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In each instance where an audit was received, we noted that the OMB Uniform Guidance/Circular A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent initial letter and reminder letter to each subgrantee regarding their OMB Uniform Guidance/Circular A-133 requirements. Subgrantee audit reports were received on average 414 days after the nine month deadline.
- Of ten subgrantees tested on Attachment B of the Status Report, we noted nine instances where the OMB Uniform Guidance/Circular A-133 audit reports/SAIF forms for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. Office of Monitoring sent initial letter, reminder letter, and demand letter to each subgrantee regarding their OMB Uniform Guidance/Circular A-133 audit report requirements, but no additional follow-up to obtain the OMB Uniform Guidance audit report was made by Office of Monitoring prior to the auditor’s request. Subgrantee audit reports were received on average 598 days after the nine month deadline.
- We noted the SFY 2015 Subgrant Monitoring Tracking System utilized by the DHS Office of Monitoring to track the status of OMB Uniform Guidance audits for DHS subrecipients was prepared using obligated amounts from subgrants rather than actual expenditure amounts. The requirement to meet audit requirements of 2 CFR part 200, subpart F is based on expenditures of Federal awards, not obligations; therefore, subrecipients of DHS could have expended Federal awards in excess of amounts that require a single audit that may have not been included on DHS’s tracking document. The agency was not able to provide an expenditure report to the auditors in order to ensure completeness of the SFY 2015 Subgrant Monitoring Tracking System.

Cause	Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance/Circular A-133.
Effect	Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.
Recommendation	We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Office of Monitoring (OM) strengthen controls over

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

subrecipient monitoring for OMB Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an OMB Uniform Guidance audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee's audit report contains findings. We further recommend that OM design a monitoring tool based on expenditures incurred by subrecipients to ensure all subrecipients are included on the tracking report and continue to follow-up to obtain an OMB Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

**Views of Responsible
Officials**

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 176 of this audit report.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

Finding Number Finding and Recommendation

DEPARTMENT OF EDUCATION

REPORTING

Significant Deficiency

Immaterial Noncompliance

2017-032 Procedures Over Accounting for Program Expenditures Should Be Strengthened in Order to Accurately Determine the Amount of Federal Awards Expended During the Audit Period.

CFDA Number 84.010 – Title I Grants to Local Educational Agencies
84.027, 84.173 – Special Education Cluster (IDEA)
84.048 – Career and Technology Education
84.287 – Twenty-First Century Community Learning Centers
84.367 – Title II – Improving Teacher Quality State Grants

Federal Award	ES010A120024	EH027A110108	EH173A120113	
	ES010A130024	EH027A120108	EH173A130113	
	ES010A140024	EH027A130146	EH173A140113	
	ES010A150024	EH027A140108	EH173A150113	
	ES010A160024	EH027A150108	EH173A160013	
		EH027A160108		
		EV048A130024	ES287C120024	ES367A120023
		EV048A140024	ES287C130024	ES367A130023
		EV048A150024	ES287C140024	ES367A140023
		EV048A160024	ES287C150024	ES367A150023
		ES287C160024	ES367A160023	

Pass-through Entity N/A

Questioned Costs Undetermined

Repeat Finding No

Statistically Valid N/A

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Criteria	<p>Control: 2 CFR 200 <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements</i> (the Uniform Guidance) requires non-Federal entities to establish and maintain effective internal controls over Federal awards so that they provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards per 2 CFR section 200.303(a).</p> <p>Compliance: 2 CFR 200.502 Basis for determining Federal awards expended. Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceed under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.</p>
Condition	<p>In order to determine completeness of the program expenditures tested for each major program, the expenditures reported in the statewide accounting system, Mississippi’s Accountability System for Government Information and Collaboration (MAGIC), were compared to the program expenditures reported on the fund grant schedule. Upon notification of the differences, MDE was able to provide documentation to reconcile the differences to an immaterial amount.</p>
Cause	<p>MDE did not complete the process of reconciling the fund grant schedules to MAGIC to ensure that the current year grant activity for each active grant was accurately reflected in the accounting system and the fund grant schedule.</p>
Effect	<p>The grant schedule and/or MAGIC do not accurately reflect the federal program expenditures for the audit period. This affects the accuracy of the SEFA and its “in relation” to the fund financial statements.</p>
Recommendation	<p>We recommend that MDE continue to report new and future grant activity by each grant and retroactively update grant activity in order to accurately reflect the grants in MAGIC and the Schedule of Expenditures of Federal Awards.</p>
Views of Responsible Officials	<p>Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 157 of this audit report.</p>

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number Finding and Recommendation

DEPARTMENT OF HEALTH

ALLOWABLE COSTS AND ACTIVITIES

Significant Deficiency

Immaterial Noncompliance

2017-026 Controls Should be Strengthened to Ensure Compliance with Application, Monitoring and Oversight of Time Study Policies and Procedures.

CFDA Number 93.074 – Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements (HPP/PHEP)

Federal Award 5U90TP000530-02
5U90TP000530-03
5U90TP000530-04
3U90TP000530-03S1
3U90TP000530-03S2
U90TP000530

Pass-through Entity N/A

Questioned Costs N/A

Repeat Finding Yes; 2016-044

Statistically Valid No

Criteria Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that salaries and wages of employees chargeable to more than one grant program or other cost objective are required to be supported by appropriate time distribution records. The method used should produce adequate and equitable distribution of time and effort.

Condition During our testing, we noted the Mississippi State Department of Health (MSDH) has not modified the relative values table to address findings/inconsistencies noted in prior years' audits. The table used in prior years was carried forward to 2017, with the exception that service code 15 was

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

removed in 2016. The following are deficiencies communicated to MSDH management in the prior year when the relative values table was originally audited and remain uncorrected in the current year:

- Two instances in which the service codes (83B and 85A) could not be traced to the standard time report, and the relative value table did not agree to auditor calculation of an average of the previous few years' relative value tables.
- One instance in which service code 82A did not agree to the standard time report. A clerical error was noted on the standard time report in which it should have been listed as 82A and not 83A.
- One instance in which service code 29 did not appear on the standard time value table in which time was recorded for nurses, nurse practitioners and doctors on the relative value table.
- One instance in which a program code listed on the standard time value table for service code 99B did not agree to the program code on the relative value table. On the relative value table, it was listed as GA, whereas on the standard time value table, it was listed as OT.
- There was no supervisory review of the relative value table for the last several years.

Cause MSDH does not have the proper internal controls to ensure the data obtained and maintained is complete and accurate for relative value tables. MSDH did not update the relative value tables in response to the prior year finding.

Effect Failure to modify inaccurate relative values data could result in the misallocation of federal funds and questioned costs. MSDH may then be subject to repaying a portion of the grants, be levied fines and penalties, and potentially lose future grant awards.

Recommendation We recommend MSDH strengthen internal controls to ensure sufficient application, monitoring and oversight of time study policies and procedures.

Views of Responsible Officials Management at the Mississippi Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 185 of this audit report.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

DEPARTMENT OF HUMAN SERVICES

ELIGIBILITY

*Material Noncompliance
 Material Weakness*

2017-035 Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements.

CFDA Number 93.575 - Child Care and Development Block Grant
 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award G1601MSCCDF 2016
 G1701MSCCDF 2017

Pass-through Entity N/A

Questioned Costs \$4,520

Repeat Finding Yes - 2016-025; 2015-002; 2014-010

Statistically Valid The sample is considered statistically valid.

Criteria The *Code of Federal Regulations* (45 CFR Part 98.20) sets forth the eligibility requirements for a child to receive child care services. The *Code of Federal Regulations* (45 CFR Part 98.50) further states how the Child Care and Development Block Grant (CCDF) funds should be expended for issuance of child care certificates. The Mississippi Department of Human Services’ Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable federal regulations and establishes eligibility criteria to receive child care certificate payments under the CCDF program. Specifically, Chapter 1 of this manual addresses family and child eligibility requirements, including the requirement that an eligible child be less than 13 years of age (or 18 if the eligible child has special needs). This policy manual also provides for periodic re-determination of continuing eligibility.

Condition Based on eligibility testwork in regards to the CCDF program, we tested 30 child care certificate payments made during fiscal year 2017 and noted the following exceptions:

- 18 instances, or 60 percent, in which the child’s eligibility for the child care certificate could not be verified due to the child care certificate application and supporting documentation not being maintained by DECCD.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

Of the 18 instances, 14 of the certificates were originally issued in prior years but were not re-determined by DECCD as eligible in the current fiscal year. This resulted in known questioned costs of \$4,409.

It was not feasible to project questioned costs associated with this exception due to insufficient information and the lack of child care applications and supporting documents.

- 8 instances, or 27 percent, in which the certificates were identified as being based on the initial determination of the child’s eligibility for the child care certificate as a referral from the Division of Field Operations. This referral was due to the parent/caretaker receiving basic TANF benefits or transitional TANF benefits (the first priority level for a child care certificate). However, based on auditor’s review of the TANF case in MAVERICS and/or transitional TANF case in JAWS, the auditor determined that the parent/caretaker was no longer receiving any type of TANF benefits as of the child care certificate benefit date selected for testing; therefore, should not have been continuing to receive the child care certificate benefit at the TANF priority level.

It was not feasible to determine or project questioned costs associated with this exception due to the possibility that the parent/caretaker may still be eligible to receive child care assistance at a different priority level based on reapplying.

- 18 instances, or 60 percent, in which there were improper copay amounts based on the priority level and number of children in the family with an active child care certificate.

This resulted in known questioned costs of \$111 and projected questioned costs of \$265,672.

- 4 instances, or 13 percent, in which provided social security numbers could not be verified due to supporting documentation not being maintained by DECCD.

Cause Staff were either unaware or did not follow identified policies and procedures for CCDF eligibility determinations. Re-determinations were not performed as outlined in the DECCD manual and information needed to determine eligibility was not maintained by DECCD personnel.

Effect Failure of DECCD to perform re-determination of a child’s eligibility to ensure a child care certificate is properly issued could result improper payments to a child care provider resulting in questioned costs, and the possible recoupment of funds by the federal granting agency.

Recommendation We recommend the Mississippi Department of Human Services’ Division of Early Childhood Care and Development strengthen controls to ensure child care

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

certificate rates and copays are assigned in accordance with requirements and that re-determinations are performed as prescribed in policies and procedures.

Views of Responsible Officials

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 173 of this audit report.

***Material Noncompliance
 Material Weakness***

2017-036 Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements..

CFDA Number 93.558 - Temporary Assistance for Needy Families State Programs

Federal Award G1402MSTANF 2014 G1502MSTANF 2015
 G1601MSTANF 2016 G1701MSTANF 2017

Pass-through Entity N/A

Questioned Costs \$5,628

Repeat Finding Yes - 2016-025; 2015-001; 2014-011

Statistically Valid The sample is considered statistically valid.

Criteria The Mississippi Department of Human Services has published *Volume III, TANF Policy Manual*, which establishes criteria for eligibility under the Temporary Assistance for Needy Families (TANF) program.

Chapter 3, Non-Financial Criteria, requires a MDHS-EA-312, Personal Responsibility Contract, be signed by each adult in the TANF assistance unit at the time of application; all TANF children under the age of 18 must have proof of current immunizations according to the schedule recommended by the Department of Health; a parent or other relative who accepts a TANF benefit for a child due to the continued absence of a parent must assign support rights to the State by cooperating with the Division of Child Support Enforcement; and, TANF benefits are to be limited to children already born or conceived at the time of initial application. Only children born into the family during the first 10 months of assistance or a child whose date of birth is prior to the end of the 10 month cap period for the case will be added to the benefit.

Chapter 4, Income and Eligibility Verification System (IEVS) requires all TANF participants to have valid social security numbers on file in order to maintain the integrity of IEVS data.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Chapter 10, TANF Work Program Payment Process, states that for a person to receive TANF transitional services, the appropriate application for TANF transitional services must be received within 30 days after the TANF case closes due to earned income; and, if applicable, requires completion of a TANF Child Care Application (MDHS-EA-379). This chapter also requires participants of the TANF work component to meet specific participation hours to receive a TANF Work Transportation (J1) stipend and to verify employment and work hours every three months to receive Transitional TANF services. J1 stipends can be paid to TANF participants at the following levels: \$180 for working 20 to 25 hours a week, \$240 for working 26 to 31 hours a week, and \$300 for working 32 to 40 hours a week.

Condition

During testing of TANF benefits paid during the fiscal year 2017, we noted the following exceptions:

- Nine out of 70 Basic TANF cases tested, or 13 percent, did not have verification of immunization for a child not attending school.
- Two out of 70 Basic TANF cases tested, or 3 percent, were missing acceptable forms of documentation for one or more children.
- One out of 70 Basic TANF cases tested included a child that was added to the case more than 10 months after the initial application Family Cap date without a lapse period of 12 months before receiving benefits for the child.
- Three out of 70 Basic TANF cases tested, or 4 percent, were not complying with Child Support Enforcement on a child for which benefits were being received.
- One out of 70 Basic TANF cases tested included a recipient that did not have a valid social security number on file.
- Two out of 70 Basic TANF cases tested, or 3 percent, did not have a signed Personal Responsibility Contract on file.
- Three out of 22 Transitional Work Transportation Assistance cases tested, or 14 percent, did not have a signed Transitional Service Child Care Services Application on file.
- Two out of 22 Transitional Work Transportation Assistance cases tested, or 9 percent, did not have a signed Transitional Work Assistance Application on file.
- Three out of 22 Transitional Work Transportation Assistance cases tested, or 14 percent, received benefits but did not have supporting documentation for hours worked to support benefits paid.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

- Seven out of 20 Work Transportation Stipend cases tested, or 35 percent, did not have supporting documentation for hours worked to support benefits paid.

In performing testwork on TANF benefits paid to participants during fiscal year 2017, we noted the following questioned costs:

- Eighteen out of 70 Basic TANF cases tested, or 26 percent, resulted in \$1,952 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.
- Thirteen out of 22 Transitional Work Transportation Assistance cases tested, or 59 percent, resulted in \$1,800 of known questioned costs and \$917,604 of projected questioned costs.
- Seven out of 20 Work Transportation Stipend cases tested, or 35 percent, resulted in \$1,876 of known questioned costs and \$958,499 of projected questioned costs.

The results of our testwork described above indicates total projected questioned costs of \$1,876,103.

Cause	Staff were either unaware or did not follow identified policies and procedures for TANF eligibility determinations.
Effect	Failure to maintain supporting documentation for eligibility determinations as well as not monitoring and reducing benefits to coincide with hours participated in TANF work component could result in questioned costs and recoupment of costs by the federal granting agency.
Recommendation	We recommend the Mississippi Department of Human Services ensure compliance with TANF Eligibility determination and benefit requirements by strengthening control procedures to ensure all supporting documentation is reviewed and maintained and benefits are paid in accordance with the <i>Volume III, TANF Policy Manual</i> .
Views of Responsible Officials	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 174 of this audit report.

EARMARKING

Significant Deficiency
Immaterial Noncompliance

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

2017-041 Controls Should Be Strengthened over 20 Percent Exemption and Five Year Time Limit.

CFDA Number 93.558 Temporary Assistance for Needy Families State Programs

Federal Award G1701MSTANF 2017

Pass-through Entity N/A

Questioned Costs \$2,452

Repeat Finding Yes – 2015-007

Statistically Valid The sample is considered statistically valid.

Criteria Per the *Code of Federal Regulations* (45 CFR Part 264.1), states have the option to extend assistance paid for by the Federal Temporary Assistance for Needy Families (TANF) program beyond the five year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, which-ever the state elects. States are permitted to extend assistance to families only on the basis of hardship or if the family includes someone who has been battered.

The Mississippi Department of Human Services (MDHS) has published a *Volume III, TANF Policy Manual*, which establishes internal control procedures to be used in the administration of TANF benefits. Specifically, Chapter 3 of the *Volume III, TANF Policy Manual* includes procedures for ensuring compliance with applicable time limits and extension criteria. The “Statewide TANF 20 Percent Exemption Summary Report” (TA120B) identifies the number of cases over 60 months receiving benefits. The TA120B is distributed to county and regional offices monthly and should be used to monitor compliance with the 20 percent maximum earmark. Additionally, a “TANF High Counter Report” is generated monthly and details each case over 60 months receiving benefits. The “TANF High Counter Report” should be reviewed by county/regional personnel to ensure time limits are not exceeded for cases approaching the 60 month time limit unless a proper exemption is granted.

Condition During testwork related to the 20 percent maximum earmark, we reviewed both monthly reports and noted the following:

- No documented review exists of the “Statewide TANF 20 Percent Exemption Summary Report” (TA120C/TA120B Report).
- Of 10 cases examined, three cases received a benefit after the 60 month counter was exhausted and did not meet the criteria for an exemption per policy Volume III Chapter 3.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

Cause	Staff were either unaware or did not follow policies and procedures over earmarking requirements.
Effect	<p>Failure to monitor the “Statewide TANF 20 Percent Exemption Summary Report” could result in the State exceeding the percent of allowed exemptions for TANF assistance. However, our testwork did not reveal evidence of the 20 percent maximum earmark being exceeded at any point during fiscal year 2017.</p> <p>Failure to sufficiently monitor the “TANF High Counter Report” and perform appropriate actions for recipients approaching or exhausting the five year time limit resulted in benefit payments of \$2,452 to ineligible participants during fiscal year 2017.</p>
Recommendation	We recommend the Mississippi Department of Human Services strengthen control procedures to include a documented review of the monthly “Statewide TANF 20 Percent Exemption Summary Report” and “TANF High Counter Report”. Further, we recommend the central office implement procedures to confirm county/regional personnel have performed the required reviews of their respective reports and take appropriate action to either terminate benefits or grant permissible exemptions for cases exhausting the five year limit for benefits.
Views of Responsible Officials	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 179 of this audit report.

REPORTING

Significant Deficiency

2017-039	<u>Controls Should Be Strengthened over the Submission of Required Federal Reports.</u>	
CFDA Number	93.558 - Temporary Assistance for Needy Families State Programs 93.575 - Child Care and Development Block Grant 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	
Federal Award	G1601MSTANF 2016 G1701MSTANF 2017	G1601MSCCDF 2016 G1701MSCCDF 2017
Pass-through Entity	N/A	
Questioned Costs	None	
Repeat Finding	Yes - 2016-026; 2015-004	

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Statistically Valid The sample is considered statistically valid.

Criteria The *Code of Federal Regulations* (45 CFR Part 98.70) requires a “Quarterly Financial Status Report” (ACF-696) for the Child Care and Development Fund (CCDF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families. Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.

The *Code of Federal Regulations* (45 CFR Part 265.3) requires a “TANF Data Report” (ACF-199) for the Temporary Assistance to Needy Families (TANF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families (ACF). Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter – February 14th, May 15th, August 14th and November 14th.

The *Code of Federal Regulations* (7 CFR Part 274.4) requires a “Issuance Reconciliation Report” (FNS-46) to be submitted by a State agency operating an issuance system for the Supplemental Nutritional Assistance Program (SNAP) to the Food and Nutrition Service no later than 90 days following the end of the report month. Reports are required for every month. The *Code of Federal Regulations* (7 CFR Part 273.18) requires a “Status of Claims Against Households” (FNS-209) for the SNAP program to be completed and submitted in accordance with instructions provided by the Food and Nutrition Service. Those instructions require States to submit quarterly reports. These reports are due and must be submitted 30 days after the end of each quarter – January 31st, April 30th, July 31st and October 31st.

Good internal controls over reporting should include a timely and independent review of information reported.

Condition During testwork performed for the program specific reporting requirements of the CCDF program during fiscal year 2017, we noted the following exceptions:

- One of the quarterly ACF-696 reports tested was not submitted within 30 days after the end of the reporting period. The report was 15 days late.
- Two of the quarterly ACF-696 reports tested were not signed as reviewed and approved by supervisory personnel.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

During testwork performed for the reporting requirements of the TANF program during fiscal year 2017, we noted the federal transmission reports for periods 12/31/2016 and 6/30/2017 were not received by MDHS from ACF for the quarterly ACF-199 reports; therefore, it could not be determined if the reports were submitted. It should be noted that MDHS stated the ACF transmissions reports, which were provided to the state to verify submission, have not been received for several quarters after MDHS stated to have submitted the ACF-199's.

Cause Staff were either unaware or did not follow policies and procedures related to federal reporting requirements.

Effect Failure to timely review and submit reports could result in reporting penalties and could impact funding determinations.

Recommendation We recommend MDHS strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.

Views of Responsible Officials Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 177 of this audit report.

SUBRECIPIENT MONITORING

*Material Weakness
 Material Noncompliance*

2017-037 Controls Should Be Strengthened over On-Site Monitoring.

CFDA Number 93.558 Temporary Assistance for Needy Families State Programs
 93.667 Social Services Block Grant
 93.575 Child Care and Development Block Grant
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.568 Low Income Home Energy Assistance Program

Federal Award G1601MSTANF 2016 G1501MSCCDF 2015
 G1601MSCCDF 2016 G1601MSSOSR 2016
 G15B1MSLIEA 2015 G16B1MSLIEA 2016

Pass-through Entity N/A

Questioned Costs None

Repeat Finding Yes - 2016-027; 2015-005; 2014-017

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Statistically Valid The sample is considered statistically valid.

Criteria The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the *Code of Federal Regulations* (2 CFR Part 200 – Uniform Guidance)(45 CFR Part 92 - Circular A-133). The *Code of Federal Regulations* (2 CFR Part 200.331) designates MDHS, as a pass through entity, to properly identify subaward requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, complies with the terms and conditions of the subawards and achieves performance goals.

We evaluated MDHS’s compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS’s Division of Program Integrity – Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

Condition During testwork performed on subrecipient on-site monitoring for 48 subgrant contracts during state fiscal year 2017, we noted the following exceptions:

- Four contracts tested, or 8 percent, were not monitored within the contract period as required by Program Integrity’s Division of Monitoring Procedures.
 - Contracts were monitored between 60 and 129 working days late, with an average of 100 working days after the contract end date.
- Ten contracts tested, or 21 percent, in which Corrective Actions were not received from the subrecipient within 15 working days from the date the Initial Monitoring Report (IMR) was issued.
 - Corrective Actions were received between 16 and 36 days from the IMR, with an average of 23 working days passing between the IMR and Subgrantee’s response.
 - Three contracts never received a Corrective Actions response.
- Twenty-nine contracts tested, or 60 percent, in which the Initial Monitoring Report was not issued within 60 days of the exit conference.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

- IMR's were issued between 61 and 207 days late, with an average of 122 working days after the exit conference took place.
- Twelve contracts tested, or 25 percent, in which the Initial Monitoring Report was not signed by supervisor.
- Five contracts tested, or 10 percent, where the monitoring file had no evidence of the Programmatic Tool or Fiscal Monitoring Tool, which are required elements of the on-site monitoring process.
- Four contracts tested, or 8 percent, in which Question Costs had not been completely resolved as of the date of testwork.
- Nineteen contracts, or 40 percent, where the Monitoring Supervisor Review Checklist was not signed by supervisor, which is a required element of the on-site monitoring process.
- One contract tested where there is no evidence of the DUNS number being obtained from the subrecipient prior to the issuance of the contract.

MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

In addition, OM did not evaluate the risk of noncompliance of its subrecipients in order to perform monitoring procedures based upon identified risks, as is a requirement of Uniform Grant Guidance.

Cause Staff were either unaware or did not follow identified policies and procedures for monitoring requirement.

Effect MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

Recommendation We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring. OM should evaluate the risk of noncompliance of each subrecipient and perform monitoring procedures based upon identified risks. We also recommend the agency ensure subawards are monitoring timely and that the Report of Findings & Recommendations prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.

Views of Responsible Officials

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 175 of this audit report.

***Material Weakness
 Material Noncompliance***

2017-038 Controls Should Be Strengthened over Subrecipient Monitoring for OMB Uniform Guidance/Circular A-133 Audits.

CFDA Number 93.558 - Temporary Assistance for Needy Families State Programs
 93.667 - Social Services Block Grant
 93.575 - Child Care and Development Block Grant
 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.568 - Low Income Home Energy Assistance Program

Federal Award	G1301MSSOSR 2013	G1301MSCDDF 2013
	G1401MSSOSR 2014	G1401MSCCDF 2014
	G1302MSTANF 2013	G1501MSCCDF 2015
	G1402MSTANF 2014	G13B1MSLIEA 2014
	G1502MSTANF 2015	G15B1MSLIEA 2015

Pass-through Entity N/A

Questioned Costs None

Repeat Finding Yes - 2016-028; 2015-009; 2014-016

Statistically Valid The sample is considered statistically valid.

Criteria The Office of Management and Budget (OMB) Uniform Guidance/Circular A-133 states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 (subrecipients subsequent to 12/26/2014) or \$500,000 (subrecipients prior to 12/26/2014) or more in Federal awards during their fiscal year have met the audit requirements of OMB Uniform Guidance/Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Condition	During our audit of the Mississippi Department of Human Services (MDHS), we reviewed the Division of Program Integrity – Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2015. During our review, we noted the following exceptions:
	<ul style="list-style-type: none"><li data-bbox="503 462 1443 798">• Of 23 subgrantees tested, we noted six instances where the OMB Uniform Guidance/Circular A-133 audit reports/SAIF forms for the subgrantee were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. In each instance where an audit was received, we noted that the OMB Uniform Guidance/Circular A-133 audit report was dated within the nine month period of the subgrantee’s fiscal year end. Office of Monitoring sent initial letter and reminder letter to each subgrantee regarding their OMB Uniform Guidance/Circular A-133 requirements. Subgrantee audit reports were received on average 414 days after the nine month deadline.<li data-bbox="503 840 1443 1176">• Of ten subgrantees tested on Attachment B of the Status Report, we noted nine instances where the OMB Uniform Guidance/Circular A-133 audit reports/SAIF forms for the subgrantees were not received by Office of Monitoring within nine months of the subgrantee’s fiscal year end. Office of Monitoring sent initial letter, reminder letter, and demand letter to each subgrantee regarding their OMB Uniform Guidance/Circular A-133 audit report requirements, but no additional follow-up to obtain the OMB Uniform Guidance audit report was made by Office of Monitoring prior to the auditor’s request. Subgrantee audit reports were received on average 598 days after the nine month deadline.<li data-bbox="503 1218 1443 1575">• We noted the SFY 2015 Subgrant Monitoring Tracking System utilized by the DHS Office of Monitoring to track the status of OMB Uniform Guidance audits for DHS subrecipients was prepared using obligated amounts from subgrants rather than actual expenditure amounts. The requirement to meet audit requirements of 2 CFR part 200, subpart F is based on expenditures of Federal awards, not obligations; therefore, subrecipients of DHS could have expended Federal awards in excess of amounts that require a single audit that may have not been included on DHS’s tracking document. The agency was not able to provide an expenditure report to the auditors in order to ensure completeness of the SFY 2015 Subgrant Monitoring Tracking System.
Cause	Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance/Circular A-133.
Effect	Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

Recommendation We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring for OMB Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an OMB Uniform Guidance audit is obtained. We also recommend that the agency follow-up more frequently with the funding divisions to ensure corrective action was taken when a subgrantee’s audit report contains findings. We further recommend that OM design a monitoring tool based on expenditures incurred by subrecipients to ensure all subrecipients are included on the tracking report and continue to follow-up to obtain an OMB Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

Views of Responsible Officials Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 176 of this audit report.

SPECIAL TESTS

*Significant Deficiency
 Immaterial Noncompliance*

2017-040 Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program

CFDA Number 93.558 - Temporary Assistance for Needy Families State Programs

Federal Award G1701MSTANF 2017

Pass-through Entity N/A

Questioned Costs \$2,645

Repeat Finding No

Statistically Valid The sample is considered statistically valid.

Criteria The *Code of Federal Regulations* (45 CFR Part 261.10) states a parent or caretaker receiving assistance as part of the Temporary Assistance for Needy Families (TANF) program must engage in work activities when the State has determined an individual is ready to engage in work or when he or she has received assistance for a total of 24 months, whichever is earlier.

Volume III, TANF Policy Manual, published by the Mississippi Department of Human Services (MDHS), establishes requirements for satisfactory participation in the TANF work program. Specifically, Chapter 9 of the *Volume III, TANF*

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Policy Manual requires all adult TANF recipients who are determined work-eligible to participate in the TANF work program in order to continue receiving benefits. State law limits the receipt of TANF benefits to a maximum of 24 months for work-eligible adults who fail to participate without good cause in allowable TANF work program activities.

Chapter 3 of the *Volume III, TANF Policy Manual* requires MDHS case workers to regularly (no less than monthly) review the “TANF High Counter Report”, which tracks the months a TANF recipient has not participated in a TANF work activity.

Condition Based on discussions with agency personnel in the Division of Field Operations, review of the TANF High Counter Reports were not timely performed and documented. Review of the reports at the county/regional offices and in the central office would have allowed prevention/detection of the errors by MDHS personnel.

In performing testwork on TANF benefits paid to participants during fiscal year 2017, we noted four out of 13 benefits tested continued to receive benefits after exceeding the 24 month counter, which resulted in \$2,645 of known questioned costs. Because of the lack of readily available access to all factors needed to determine the precise population, it is not practical to project known questioned costs.

Cause Staff were either unaware or did not follow identified policies and procedures over requirements for penalties for refusal to work.

Effect Failure to properly reduce or terminate benefits could result in questioned costs and recoupment of costs by the federal granting agency. Additionally, per the *Code of Federal Regulations* (45 CFR Part 261.14 and 261.54), if MDHS does not properly reduce or terminate benefits, the Department of Health and Human Services may penalize MDHS by reducing grant assistance between one and five percent.

Recommendation We recommend the Mississippi Department of Human Services strengthen control procedures over work-eligible recipients who are not participating in work activities. Control procedures should include a documented review of the monthly “TANF High Counter Report”. Further, we recommend the central office implement procedures to confirm county/regional personnel have reviewed their respective reports and taken appropriate action to either terminate/reduce benefits or grant permissible exemptions for cases exhausting the 24 month maximum for non-participation in a work program.

Views of Responsible Officials Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 178 of this audit report.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

*Significant Deficiency
 Immaterial Noncompliance*

2017-042 Controls Should Be Strengthened over Compliance with Health and Safety Requirements.

CFDA Number 93.575 - Child Care and Development Block Grant
 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award G1601MSCCDF 2016
 G1701MSCCDF 2017

Pass-through Entity N/A

Questioned Costs \$40,098

Repeat Finding No

Statistically Valid Sample is considered statistically valid.

Criteria The *Code of Federal Regulations* (45 CFR 98.41) requires the Mississippi Department of Human Services (MDHS), as lead agency, to certify that procedures are designed, implemented, and enforced to protect the health and safety of children participating in the Child Care Development Fund (CCDF) in accordance with federal health and safety regulations.

MDHS has prepared the State Plan for CCDF, as approved by the Administration for Children and Families, which establishes policies under the CCDF program. Per section 7.5.1 of the State Plan, the Division of Early Child Care and Development (DECCD) at MDHS will rely on the Mississippi State Department of Health (MDH) to ensure compliance with the health and safety requirements for licensed child care providers. Section 5.1.2 of the CCDF State Plan states the majority of child care providers who are exempt from licensure under Mississippi Law, but who are eligible for CCDF subsidies, are family child care home providers who provide care for five or fewer non-related children. The plan requires MDHS, as the lead agency, to monitor this type of unlicensed provider (license exempt) to ensure compliance with health and safety standards.

MDHS published the Child Care Payment Program (CCPP) Policy Manual which provides details over CCDF policies and procedures. Section 9.7 outlines Monitoring Procedures, which states all providers participating in the certificate program shall have an inspection at least once annually. The section states child care monitoring agents from DECCD shall conduct annual inspections, both announced and unannounced, of CCPP approved registered family child care homes and in-home providers and license-exempt providers. If the monitoring visit results in a finding(s) or violation(s), the provider may receive a follow-up visit within three months to ensure compliance with the corrective action plan.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

The monitoring visits must include a review of compliance with federal health and safety regulations. DECCD designed a Monitoring Checklist for child care monitoring agents to complete, which covers areas related to health and safety federal regulations.

Condition

During testing of health and safety requirements for CCDF license-exempt child care providers that received subsidies during fiscal year 2017, we noted the following exceptions:

- Seven out of 25 providers tested, or 28%, were not included on the listing of providers that were administered training and testing by MDHS for required Health and Safety Training.
- One of the 25 providers tested, or 4%, had no completed Monitoring Checklist on file.
- Seven out of 25 providers tested, or 28%, in which the completed Monitoring Checklist did not incorporate all required health and safety elements as outlined by the CCPP Policy Manual, which was compiled from the federal regulations outlined in 45 CFR 98.41.
- Seven out of 25 providers tested, or 28%, where no evidence that a three month follow up was performed as noted in the CCPP Policy Manual to ensure corrective action was implemented on findings noted on the original monitoring visit.
- Thirteen of the 25 un-licensed providers tested received \$40,098 in child care subsidies during fiscal year 2017 but were not properly monitored for health and safety requirements, which results in projected questioned cost of \$351,031 in subsidies to un-licensed child care providers.
-

It should also be noted DECCD suspended monitoring operations over licensed-exempt childcare providers during the end of fiscal year 2017.

Additionally, based on the CCDF State Plan and CCPP Policy Manual, DECCD is relying on the Department of Health for monitoring requirements over licensed child care providers during the annual licensing renewal. However, there is no documentation of DECCD communicating with the Department of Health to confirm providers are complying with applicable health and safety requirements other than obtaining an annual license.

Cause

Due to turnover of staff in DECCD, identified policies and procedures for complying with applicable health and safety requirements were not followed.

Effect

Failure of DECCD to properly ensure providers are complying with applicable health and safety requirements could result in noncompliance with federal regulations over health and safety to go undetected.

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

Recommendation We recommend that DECCD strengthen controls related to the monitoring and enforcement of health and safety requirements for childcare providers participating in the child care certificate program as required by the federal regulations.

Views of Responsible Officials Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 179 of this audit report.

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

DIVISION OF MEDICAID

PERIOD OF PERFORMANCE

*Material Noncompliance
 Material Weakness*

2017-033	<u>Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC).</u>
CFDA Number	93.767 - Children’s Health Insurance Program (CHIP)
Federal Award	1605MS5021/2016 1705MS0301/2017
Pass-through Entity	N/A
Questioned Costs	None
Repeat Finding	Yes, 2016-030
Statistically Valid	N/A
Criteria	Per the Compliance Supplement (dated July 2017) Part 4, HHS CHIP, Section H Period of Performance: “The availability of amounts for FY 2009 and each fiscal year thereafter, shall remain available for expenditure by the State through the end of the succeeding fiscal year (i.e. the year of award and one subsequent fiscal year) (42 USC 1397dd(e)).”
Condition	<p>During testing of period of performance for the CHIP grant, we noted expenditures were not segregated by grant year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC); therefore, it could not be determined whether expenditures were charged to the CHIP grants either before or after the applicable Period of Performance.</p> <p>In MAGIC, all grants are coded to the same grant number and internal order without any identifying grant information. Grant revenue is spent using the “first in first out” method rather than appropriately matching revenue and expenditures in a grant period.</p>
Cause	Management determined it was not beneficial to separate expenditures by grant year in MAGIC.
Effect	Failure to properly segregate expenditures by grant year could result in expenditures made to a federal award/grant either before or beyond its Period of Performance, resulting in questioned costs. Additionally, without proper

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

evidence that grant expenditures are paid by a specific federal grant, allowability of costs cannot be easily or readily determined.

Recommendation We recommend the agency implement a system to separate expenditures by grant award year in its accounting system to ensure transactions are charged to the correct federal award and within the award’s Period of Performance.

Views of Responsible Officials Management at the Mississippi Division of Medicaid does not concur with this finding. See additional comments in the Corrective Action Plan on page 191 and Auditor’s Response on page 196 of this audit report.

SPECIAL TESTS

Significant Deficiency

2017-034 Agency should Implement Policy to Conduct Periodic Risk Analyses of all ADP Systems Involved in the Administration of HHS Programs.

CFDA Number 93.778 - Medical Assistance Program (Medicaid: Title XIX)
93.777 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare)
93.775 - State Medicaid Fraud Control Unit

Federal Award 1705MS0301/2017 1605MS5ADM/2016
1705MS5MAP/2017 1705MSIMPL/2017
1705MS5ADM/2017 1605MS5MAP/2016
1605MS5021/2016 1705MSINCT/2017
1605MS5001/2016 1605MSIMPL/2016
1505MS50001/2016 1605MSINCT/2016
1505MSBIPP/2015

Pass-through Entity N/A

Questioned Costs None

Repeat Finding Yes, 2016-033

Statistically Valid N/A

Criteria The *Code of Federal Regulations* (45 CFR 95.621) requires that state agencies shall, “Establish and Maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At minimum, the reviews shall include an evaluation of the physical and data

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

security, operating procedures, and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews.”

Condition Mississippi Division of Medicaid provided no evidence of a biennial risk analysis of all ADP Systems involved in the administration of HHS programs. The agency did submit a risk analysis for Mod MEDS, a newly installed, subsystem of MMIS in compliance with MARS-E v.2 Security and Privacy Controls framework. The Mississippi Division of Medicaid is not in compliance with *45 CFR 95.621* and its own Risk Analysis Policy; each requires a Risk Analysis Report be produced every 2 years.

Cause Unknown

Effect Failure to properly establish and maintain a process for conducting periodic risk analyses could result in the compromise of the confidentiality, integrity and reliability of the data associated with HHS programs.

Recommendation We recommend Mississippi Division of Medicaid conduct a risk analysis of all ADP systems involved in the administration of HHS programs and produce a risk analysis report.

Views of Responsible Officials Management at the Mississippi Division of Medicaid concurs with this finding. See additional comments in the Corrective Action Plan on page 192 of this audit report.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SOCIAL SECURITY ADMINISTRATION

Finding Number Finding and Recommendation

DEPARTMENT OF REHABILITATION SERVICES

ALLOWABLE COSTS AND ACTIVITIES

Immaterial Noncompliance

2017-024 Agency Should Ensure Compliance with Annual Certification Requirements for Central Service Costs.

CFDA Number 96.001 – Social Security – Disability Insurance (DI)

Federal Award 1404MSD100
 1504MSD100
 1604MSD100
 1704MSD100

Pass-through Entity N/A

Questioned Costs None

Repeat Finding No

Statistically Valid N/A

Criteria In accordance with 2 CFR Appendix V to Part 200, state and local governments claiming central service costs must develop a plan in accordance with the requirements described in Part 200. While certain governments must submit this plan annually, other governments are only required to submit their plans when they are specifically requested to do so by the cognizant agency for indirect costs.

Condition The Department's cognizant agency for indirect costs approved a cost allocation plan for the Department dated July 1, 2008. The cost allocation plan is to remain in effect until a revision is necessary. The cost allocation plan requires a yearly certification from the Department to ensure changes have not been made to the cost allocation plan. This yearly certification should be submitted not later than 30 days after the end of the fiscal year. However, the Department failed to file

**STATE OF MISSISSIPPI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 PART 3 – Federal Award Findings and Questioned Costs (continued)**

the yearly certification with their cognizant agency for indirect costs for fiscal year 2017.

Cause	Management did not identify the requirement to file a yearly certification form.
Effect	At June 30, 2017, the Department was not in compliance with the requirement to file a yearly certification as required by the Department's cognizant agency for indirect costs. While nothing came to our attention during testing that suggested a revision to the cost allocation plan is necessary or that costs were allocated in a manner inconsistent with the approved cost allocation plan, the Department could be responsible for the repayment of grant funds used for indirect costs if the cognizant agency determines a modification to the cost allocation plan is necessary.
Recommendation	We recommend the Department file the yearly certification with their cognizant agency as directed by the cost allocation plan.
Views of Responsible Officials	Management at the Mississippi Department of Rehabilitation Services concurs with this finding. See additional comments in the Corrective Action Plan on page 198 of this audit report.

SPECIAL TESTS

Immaterial Noncompliance

2017-023	<u>Agency Should Ensure Compliance with Medical License Verification Requirements.</u>
CFDA Number	96.001 – Social Security – Disability Insurance (DI)
Federal Award	1404MSD100 1504MSD100 1604MSD100 1704MSD100
Pass-through Entity	N/A
Questioned Costs	None
Repeat Finding	No
Statistically Valid	N/A
Criteria	Per 20 CFR 404.1519s and 416.919s, each state is responsible for monitoring the Consultative Exam ("CE") process to ensure the accuracy, integrity and economy

**STATE OF MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART 3 – Federal Award Findings and Questioned Costs (continued)**

of the process. As part of the monitoring process, the Disability Determination Services ("DDS") must provide procedures for performing medical license verifications to ensure only qualified providers perform CEs for DDSs.

Condition The Department is required to verify medical licenses, credentials and certifications with the state medical boards prior to using the services of any CE provider. The Department is also required to perform periodic license checks of CE providers. Records are to be kept on file by the Department for each qualified medical source performing CEs. Based on testing, it appears the Department failed to obtain license renewals for certain CE providers for fiscal year 2017.

Cause Due to staff changes, certain records have not been maintained in an orderly manner. As a result, the Department did not have documentation of license renewals for certain CE providers.

Effect For the year ended June 30, 2017, the Department used a vendor listing that included CE providers who had not been monitored by the Department for proper medical renewals. While we are not aware of any services provided by a debarred provider, the Department could have used the services of a CE provider who had been debarred.

Recommendation We recommend the Department develop a plan to ensure that the proper documentation is obtained and maintained for each qualified CE provider.

Views of Responsible Officials Management at the Mississippi Department of Rehabilitation Services concurs with this finding. See additional comments in the Corrective Action Plan on page 197 of this audit report.

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II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



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STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.11*. In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. “Fully Corrected” - All corrective action has been taken.
 - b. “Partially Corrected” - Some, but not all, corrective action has been taken.
 - c. “Not Corrected” - Corrective action has not been taken.
 - d. “Not Valid” - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as “Fully Corrected.”
 - a. When audit findings are “Partially Corrected” or “Not Corrected,” describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are “Not Valid,” describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

INDEX LISTED BY FINDING NUMBER

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
2016-024 ^{*a}	Human Services	147
2016-025 ^{*b}	Human Services	147
2016-026 ^{*c}	Human Services	148
2016-027 ^{*d}	Human Services	148
2016-028 ^{*e}	Human Services	148
2016-030 ^{*f}	Medicaid	151
2016-031	Medicaid	151
2016-032	Medicaid	151
2014-006	Education	141
2016-035	Education	141

*a The agency indicates the finding is fully corrected; finding 2017-036 was written to report current year problems noted.

*b The agency indicates the finding is partially corrected; finding 2017-035 was written to report current year problems noted.

*c The agency indicates the finding is partially corrected; finding 2017-039 was written to report current year problems noted.

*d The agency indicates the finding is not corrected; finding 2017-037 was written to report current year problems noted.

*e The agency indicates the finding is partially corrected; finding 2017-038 was written to report current year problems noted.

*f The agency indicates the finding is partially corrected; finding 2017-033 was written to report current year problems noted.

*g The agency indicates the finding is partially corrected; finding 2017-032 was written to report current year problems noted.

*h The agency indicates the finding is partially corrected; finding 2017-026 was written to report current year problems noted.

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

2016-036	Education	142
2016-037	Education	142
2016-038 ^{*g}	Education	142
2016-039	Education	143
2016-040	Education	143
2016-041	Education	143
2016-042	Education	143
2015-025 ^{*h}	Health	145
2016-044 ^{*h}	Health	145

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

INDEX LISTED BY STATE GRANTEE AGENCY

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
2014-006	Education	141
2016-035	Education	141
2016-036	Education	142
2016-037	Education	142
2016-038	Education	142
2016-039	Education	143
2016-040	Education	143
2016-041	Education	143
2016-042	Education	143
2015-025	Health	145
2016-044	Health	145
2016-024	Human Services	147
2016-025	Human Services	147
2016-026	Human Services	148
2016-027	Human Services	148
2016-028	Human Services	148
2016-030	Medicaid	151
2016-031	Medicaid	151
2016-032	Medicaid	151

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MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS For the Year Ended June 30, 2017

2014-006 Controls should be strengthened in the Office of Child Nutrition over Federal Funding Accountability and Transparency Act (FFATA) Reporting to Ensure Compliance with Federal Reporting Requirements.

10.553 School Breakfast Program (SBP)
10.555 National School Lunch Program (NSLP)
10.556 Special Milk Program for Children (SMP)
10.558 Child and Adult Food Program
10.559 Summer Food Service Program For Children (SFSPC)

Current Status: Partial

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

Office of Child Nutrition (OCN) staff have created templates that successfully upload into the FFATA Sub-award Reporting System (FSRS). Reports have been entered for all USDA grant types. OCN staff is making further uploads to FSRS to bring reporting up to date.

2016-035 Management overrode internal controls and procedures and charged unallowed costs to the Title I program.

Current Status: (Partially Corrected)

Planned Corrective Action Plan:

The [Program Fund Transfer/Coding Correction Form](#) was created to document approvals by the appropriate members of ELT and implemented as of April 1, 2017.

MDE contracted with Cornerstone Consulting to align MDE's policies and procedures with MAGIC. Cornerstone requested additional time to complete the project. The expected completion date is September 30, 2017.

A Compliance Officer was hired May 1, 2017.

2016-036 The Office of Accounting internal controls and procedures over review and reconciling MDE's general ledger account did not detect materially misstated account balances.

Current Status: (Partially Corrected)

Planned Corrective Action Plan:

DFA implemented a new procedure in March 2017 to address this issue. The COO is restructuring the Accounting Department to include more oversight. This process is expected to be completed by September 30, 2017.

2016-037 Procedures over accounting for grants should be strengthened in order to accurately present grant activity and the related grants receivable and unearned revenue account balances.

Current Status: (Partially Corrected)

Planned Corrective Action Plan:

The Office of Accounting is performing reconciliations of the weekly draws. The Director of Accounting reviews and approves the reconciliations and they are kept on file in the Accounting Office.

MDE is developing a Grants Management Team that will meet periodically to review grant activity and issues. A Bureau Manager has been hired and tasked with heading up the Grants Management Team. Fiscal personnel from individual program offices will be moved under her direction. This transition will begin in August – September 2017. Once this transition is complete, the grants management team will begin meeting regularly.

The COO is restructuring the Accounting Department to include more oversight. This process is expected to be completed by September 30, 2017.

2016-038 Internal controls over posting federal program costs to the general ledger should be strengthened.

84.010 Title I

Current Status: Partial

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

The Program Fund Transfer/Coding Correction Form was created to document approvals by the appropriate members of ELT and implemented as of April 1, 2017. MDE contracted with Cornerstone Consulting to align MDE's policies and procedures with MAGIC. Cornerstone requested additional time to complete the project. The expected completion date is September 30, 2017.

A Compliance Officer was hired May 1, 2017.

DFA provided MAGIC Grants Management training to MDE personnel from Accounting, Budget, Program Office fiscal staff, SFS, and Compliance on June 13, 2017.

2016-039 Internal controls over sub awards should be reviewed to ensure that the sub awards include all federal compliance requirements.

84.010 Title I
84.367 Title II

Current Status: Corrected

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

2016-040 Internal controls over sub awards should be reviewed to ensure that the sub awards include all federal compliance requirements.

84.048 Career and Technical Education

Current Status: Corrected

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

2016-041 Internal controls over reporting should be strengthened to ensure that supporting documentation is maintained in accordance with federal and state retention policies.

84.048 Career and Technical Education

Current Status: Corrected

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

2016-042 Internal controls over reporting should be strengthened to ensure that supporting documentation is maintained in accordance with federal and state retention policies.

84.287 21st Century Community Learning Centers

Current Status: Not Corrected

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

A. Specific steps to be taken to correct the situation.

The Office of Federal Programs (OFP) has begun maintaining electronic copies of all official documents. To achieve this process OFP staff members

are required to save all official correspondence with subrecipients electronically. Written internal protocols for document retention will be developed in conjunction with the Office of Technology and Strategic Services.

B. Name of the contact person responsible for corrective action.

Quentin Ransburg, Director of Federal Programs

C. Anticipated completion date for corrective action.
July 1, 2018

2016-045 MDE was not adequately prepared for the financial audit which resulted in untimely delays in the issuance of the financial statements of funds 532010000 and 4423000000.

Current Status: (Partially Corrected)

Planned Corrective Action Plan: *(complete if partial or uncorrected)*

A new Director of Accounting was hired May 22, 2017. All requests for information will be routed to the Director of Accounting. These requests will be assigned to the appropriate staff via email with instructions and the deadline for completing the assignment.

The COO is restructuring the Accounting Department to include more oversight. Although this process is not expected to be complete until September 30, 2017, we anticipate the staff will be prepared for the financial audit.

A Compliance Officer was hired May 1, 2017.

Signature: Carolyn Leigh (Agency Head)
Title: State Superintendent
Date: 8/17/17



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2017

2015-025 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
93.268 Immunization Cooperative Agreements
93.777 State Survey and Certification of Health Care Providers and Suppliers

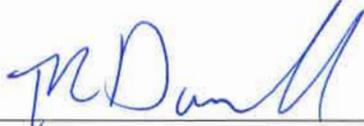
PARTIALLY CORRECTED

The agency is still in the process of addressing the relative value table issues.

2016-044 Controls Should Be Strengthened over Allowable Costs/Cost Principles for the Time Study System
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (SNAP)
93.074 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements

PARTIALLY CORRECTED

The agency is still in the process of addressing the relative value table issues.

Signed: 
Tim Darnell, Director
Office of Field Services

Date: 3/13/18

Signed: 
Mitch Adcock, CPA
Chief Administrative Officer

Date: 3/13/18

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STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
John Davis
Executive Director

March 20, 2018

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

Dear Mr. Pickering:

Enclosed for your review is the agency's official response and correlating corrective action plans to the prior year audit for the year ending on June 30, 2016.

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2016

2016-024 **Controls Should Be Strengthened Over Compliance with Eligibility and Benefit Payment Requirements**

CFDA Number: 93.558 Temporary Assistance for Needy Families (TANF)

MDHS Response: FULLY CORRECTED.

2016-025 **Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster**

CFDA Number: 93.575 Child Care and Development Block Grant (CCDBG)
 93.596 Child Care Mandatory and Matching Funds of the Child
 Care and Development Fund (CCDF)

MDHS Response: PARTIALLY CORRECTED.

Corrective Action Plan:

A full parent redetermination process began in February 2017 and was completed in December 2017. This redetermination will be conducted annually. As previously discussed in our corrective action plan response, test cases are selected from each month to determine an error review rate. The Division of Internal Audit is currently overseeing the implementation

of a monthly error rate review. It is expected that the process will be fully implemented by June 30, 2018.

2016-026

Controls Should Be Strengthened Over the Submission of Required Federal Reports

CFDA Number: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)

MDHS Response: FULLY CORRECTED.

2016-027

Controls Should Be Strengthened Over On-Site Monitoring

CFDA Number: 10.561 State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
93.558 Temporary Assistance for Needy Families (TANF)
93.667 Social Services Block Grant (SSBG)
93.575 Child Care and Development Block Grant (CCDBG)
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)
93.568 Low Income Home Energy Assistance Program (LIHEAP)

MDHS Response: NOT CORRECTED

Corrective Action Plan:

The previous corrective action plan submitted with the agency response is still accurate and ongoing. Due to significant personnel changes in the Office of Monitoring Division, the proposed corrective actions have failed to be implemented. A new Director was appointed on February 1, 2018 and has begun implementing the corrective plan as written. Specifically, quarterly trainings will be provided to the staff, to include but not limited to, updating Smartsheet, effective time management, proper tools to be utilized for each subgrant, and any other issues that may arise during the monitoring procedure. Additionally, the Office of Monitoring will implement proper policy and procedures concerning the downloading of information from the "P" drive, checking the tracking system twice a week, adding alerts for upcoming deadlines to ensure said is done timely. It is expected that the plan will be fully implemented by June 30, 2018. As an added measure to the corrective action plan, the Division of Internal Audit will review the implementation of this plan within the first quarter of State Fiscal Year 2019.

2016-028

Controls Should Be Strengthened Over Subrecipient Monitoring Related to Uniform Guidance.

CFDA Number: 10.561 State Administration Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
93.558 Temporary Assistance for Needy Families (TANF)
93.667 Social Services Block Grant (SSBG)
93.575 Child Care and Development Block Grant (CCDBG)

93.596 Child Care Mandatory and Matching Funds of the Child
Care and Development Fund (CCDF)
93.568 Low Income Home Energy Assistance Program (LIHEAP)

MDHS Response: PARITALLY CORRECTED

Corrective Action Plan:

Said corrective action, as described in the previous agency response, has been corrected only partially. The aspects that have been corrected are that multiple letters are issued to subgrantees emphasizing the importance of timely submission of audit reports. Conversely, the training and technical assistance to the funding divisions has yet to be implemented due to significant personnel turnover in the Office of Monitoring Division. The training and technical assistance, however, is expected to be completed by June 30, 2018. Also to be completed by June 30, 2018, the MDHS funding divisions will submit the first quarterly update of unresolved audit findings to the Office of Monitoring Division and will continue thereafter each quarter.

Respectfully,



John Davis, Executive Director

JD: DB

Cc: Janet Mann
Jacob Black
Chip Butler
David Barton

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Attachment A

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2017

- 1) 2016-030, Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC)
 - 2) 93.767 Children's Health Insurance Program (CHIP)
 - 3) Agency does not concur with finding.
 - 4) No corrective action has been planned.
-
- 1) 2016-031, Agency Should Strengthen Controls over Accounting Records by Reconciling Federal Reports to MAGIC in a Timely Manner
 - 2) 93.767 Children's Health Insurance Program (CHIP)
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare)
93.778 Medical Assistance Program (Medicaid: Title XIX)
 - 3) Fully Corrected
-
- 1) 2016-032, Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the Children's Health Insurance Program
 - 2) 93.767 Children's Health Insurance Program (CHIP)
 - 3) Fully Corrected

Signed: _____


Drew L. Snyder
Interim Executive Director

Date: 3/19/18

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2017**

2016-030 Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC)

93.767 Children's Health Insurance Program (CHIP)

NOT CORRECTED

Agency does not concur with the finding. The agency expends federal funds as instructed by the federal grantor agency. Segregating expenditures by grant award year in MAGIC would not provide any benefit to the agency.

2016-031 Agency Should Strengthen Controls over Accounting Records by Reconciling Federal Reports to MAGIC in a Timely Manner

93.767 Children's Health Insurance Program (CHIP)

93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare)

93.778 Medical Assistance Program (Medicaid: Title XIX)

FULLY CORRECTED

2016-032 Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the Children's Health Insurance Program

93.767 Children's Health Insurance Program (CHIP)

FULLY CORRECTED

Signed: 
Drew L. Snyder
Interim Executive Director

Date: 3/19/18

Attachment C

Medicaid

- 2016-030 Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC)
- 93.767 Children's Health Insurance Program (CHIP)
-
- 2016-031 Agency Should Strengthen Controls over Accounting Records by Reconciling Federal Reports to MAGIC in a Timely Manner
- 93.767 Children's Health Insurance Program (CHIP)
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII Medicare)
- 93.778 Medical Assistance Program (Medicaid: Title XIX)
-
- 2016-032 Agency Should Strengthen Control Procedures to Ensure Compliance with the Allowable Cost Requirements of the Children's Health Insurance Program
- 93.767 Children's Health Insurance Program (CHIP)

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III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



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STATE OF MISSISSIPPI

**MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED JUNE 30, 2017
Instructions to Management**

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

OMB Uniform Guidance, Section 200.521 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.

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MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

March 28, 2018

Single Audit Findings

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

Dear Mr. Pickering:

The Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the single audit findings for the fiscal year ending June 30, 2017.

2017-032 Procedures over accounting for program expenditures should be strengthened in order to accurately determine the amount of federal awards expended during the audit period.

Response: The MDE records all grants on an individual basis as instructed by DFA. MDE has implemented procedures in July 2017 for the reconciliation of expenditures to the draws made weekly and monthly.

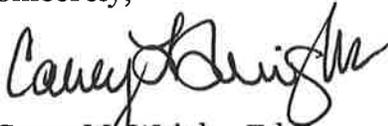
A. Specific steps to be taken to correct the situation.

The MDE will continue to report new and future grant activity as required by each grant. A thorough review and reconciliation process is being developed to update all grant activity in MAGIC to accurately reflect the individual grant's activity. The newly development Grants Management team will review grant activity and issues and will work closely with the Office of Accounting to make any necessary adjustments to ensure that the revenue and expenditures relating to all grants are reported properly. The Office of Accounting will prepare an interim grant schedule to research any issues prior to the end of the fiscal year. The Office will contact DFA – Office of Reporting for assistance in correcting the current grant schedule.

B. Name of the contact person responsible for corrective action.
Elisha Campbell – Director of Accounting, Budget and Grants Management

C. Anticipated completion date for corrective action:
June 30, 2018

Sincerely,

A handwritten signature in black ink, appearing to read "Carey M. Wright". The signature is fluid and cursive, with the first name "Carey" being the most prominent.

Carey M. Wright, Ed.D.
State Superintendent of Education



MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

January 5, 2018

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

Dear Mr. Pickering:

The Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit findings for the fiscal year ending June 30, 2017.

AUDIT FINDINGS:

The Office of Accounting internal controls and procedures over review and reconciling MDE's general ledger account did not detect materially misstated account balances.

Response: The MDE acknowledges the need to strengthen controls over review of the agency's general ledger accounts. An interim grant schedule will be prepared to ensure that the account balances per grant are reviewed prior to the end of the fiscal year. In addition, the grants will be reconciled to ensure all expenditures and revenue are properly recorded.

A. Specific steps to be taken to correct the situation.

A collaborative effort among the Offices of Accounting and Grants Management will be exercised to ensure the balances are reconciled and materially correct at year end 2018.

B. Name of the contact person responsible for corrective action.
Elisha Campbell – Director of Accounting, Budget and Grants Management

C. Anticipated completion date for corrective action.
June 30, 2018

Procedures over accounting for grants should be strengthened in order to accurately present grant activity and the related grants receivable, due from federal government and unearned federal revenue account balances.

Response: The MDE records all grants on an individual basis as instructed by Department of Finance and Administration (DFA). MDE implemented procedures in July 2017 for the reconciliation of expenditures to the draws made weekly and monthly.

A. Specific steps to be taken to correct the situation.

The MDE will continue to report new and future grant activity as required by each grant. A thorough review and reconciliation process is being developed to update all grant activity in MAGIC to accurately reflect the individual grant's activity. The newly developed Grants Management team will review grant activity and will work closely with the Office of Accounting to make any necessary adjustments to ensure that the revenue and expenditures relating to all grants are reported properly. The Office of Accounting will prepare an interim grant schedule to research any issues prior to the end of the fiscal year. The Office will also contact DFA – Office of Reporting for assistance in correcting the current grant schedule.

B. Name of the contact person responsible for corrective action.
Elisha Campbell – Director of Accounting, Budget and Grants Management

C. Anticipated completion date for corrective action.
September 30, 2018

Procedures over documentation of employee's leave and reconciliation of the department's leave balance to the Statewide Payroll and Human Resource System (SPAHRs) needs to be strengthen.

Response: The MDE does have procedures for documenting employee's leave and for reconciling leave balances. Employees are required to prepare leave forms for approval for all leave taken. Supervisors are required to approve or disapprove all leave requests and reconcile the leave balance reports monthly. MDE will ensure that procedures are followed and proper documentation is maintained.

A. Specific steps to be taken to correct the situation.

Procedures will be revised and strengthened to indicate the monthly process of reporting leave. The Office of Accounting will conduct training for Leave Keepers to review the policies and procedures relating to Leave Reporting. The importance of maintaining adequate and proper documentation to be readily

available will be stressed. A memo will also be sent to the Directors detailing their responsibility in the Leave Reporting process.

- B. Name of the contact persons responsible for corrective action.
Elisha Campbell – Director of Accounting, Budget and Grants Management
Cassandra Moore – Director of Human Resource
- C. Anticipated completion date for corrective action.
June 30, 2018

Procedures over recording vendor’s disbursements in the correct period needs to be strengthen.

Response: The MDE records disbursements in the period in which the goods are received or services are rendered.

- A. Specific steps to be taken to correct the situation.

The Office of Accounting will ensure that disbursements are recorded in the correct period. The accounting department has been restructured to ensure that more supervisory oversight of staff daily work will be performed to ensure that the disbursements are consistently recorded properly. Supervisory and subordinate staff will be instructed to review in detail the invoices or reports used to process payments and work closely with program offices to ensure funds are available in the proper period for payment to ensure that the disbursements are properly recorded.

- B. Name of the contact person responsible for corrective action.
Elisha Campbell – Director of Accounting, Budget and Grants Management
- C. Anticipated completion date for corrective action.
August 31, 2018

Sincerely,



Carey M. Wright, Ed.D
State Superintendent of Education

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STATE OF MISSISSIPPI
PHIL BRYANT
GOVERNOR
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
GARY C. RIKARD, EXECUTIVE DIRECTOR

FINANCIAL AUDIT FINDINGS

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

February 28, 2018

Dear Mr. Pickering,

Following is our formal response and plan of corrective action for the audit finding from the Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements submitted by Carr, Riggs & Ingram, LLC.

AUDIT FINDINGS:

Controls Over the Recording of Accounts Payable Should be Strengthened

Response: MDEQ acknowledges the fact that some fiscal year 2017 invoices were paid after the cutoff period and were, therefore, not included in the GAAP entries posted by DFA. Many of these invoices require additional processing time for review or are received very late from the outside vendors.

Corrective Action Plan:

- A. MDEQ will contact our vendors and conduct staff training on compliance with state payment requirements. For fiscal year-end 2018, we will utilize our in-house invoice tracking system to separately accrue those invoices that require additional time for review.
- B. Accounting Director
- C. June 30, 2018
- D. Not applicable.

Thank you for your recommendation. Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary C. Rikard". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Gary C. Rikard
Executive Director



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAURA D. JACKSON
EXECUTIVE DIRECTOR

February 23, 2018

FINANCIAL AUDIT FINDINGS

Honorable Stacey E. Pickering, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Pickering:

In reference to your letter dated February 14, 2018, we submit the following responses and corrective action plans to the financial audit findings for the Department of Finance and Administration (DFA) for the fiscal year ended June 30, 2017.

AUDIT FINDINGS:

MATERIAL WEAKNESSESS

Finding Number

Finding Description

2017-001

The Department of Finance and Administration Should Strengthen the Process for Compiling the Comprehensive Annual Financial Statements and the Schedule of Expenditures of Federal Awards

Response

We concur with the finding.

Much progress was made in the preparation of the CAFR for the year ended June 30, 2017. The Office of Financial Reporting (OFR) was able to complete compilation of the CAFR two months earlier than the prior year.

Corrective Action Plan

(a) Before year end, state agency GAAP coordinators will be encouraged to meet with staff from OFR to review their financial statements and discuss the process for preparing the GAAP packets for their agency. OFR will also be reviewing interim financial statements and coordinating with agencies to

get any known adjustments posted prior to June 30. In addition, OFR is examining options for more efficient collection of information from the agencies, which will reduce the time required by agencies and OFR for submission and review. Finally, OFR will meet with the Office of the State Auditor to discuss ways to have audit adjustments and finalized audits sooner.

(b) The contact person responsible for this corrective action is Cindy Ogletree.

(c) The anticipated implementation for this corrective action plan is June 2018.

(d) N/A

2017-002

Implement Written Policies and Procedures Related to Accounting and Reporting Matters

Response

We concur with the finding.

We have updated the following sections in the MAAPP manual: Section 01 Introduction, Section 07 Funds – Establishment and Deactivation and Application Form for New Fund, Section 11 Expenditures – Waivers, Section 12 Journal Entries, and Section 13 Travel. These updated sections are available to users through the DFA website. We are continuing the update process.

Corrective Action Plan

(a) DFA is continuing the process of reviewing and updating the MAAPP manual.

(b) The contact person responsible for this corrective action is Lisa Dunn.

(c) We anticipate the revised MAAPP manual being completed to users by December 31, 2018.

(d) N/A

2017-005

Strengthen the Process for Recording Interagency Transfers, Payables and Receivables

Response:

We concur with the finding.

Agencies have been instructed to review outstanding payables and receivables for interagency activity and to be mindful of coding transactions as transfers.

Corrective Action Plan

(a) As part of the review of interim financial statements, OFR will contact agencies to resolve any interagency discrepancies that are identified. Outstanding payable and receivable balances between agencies will be reviewed and aged items investigated. The relevant DFA offices will review the business process in an effort to identify improvement opportunities that can help resolve the number of unmatched interagency transactions.

(b) The contact person responsible for this corrective action is Cindy Ogletree.

(c) The anticipated implementation for this corrective action plan is June 2018.

(d) N/A

2017-006

Require Chief Fiscal Officers of State Agencies to Hold Minimum Accounting Qualifications and Attend Mandatory Training

Response:

We acknowledge this finding.

The Department of Finance and Administration (DFA) is the primary agency responsible for state government financial and administrative operations, and we fully accept and embrace the magnitude of that responsibility. However, while DFA is the executive branch control agency over governmental accounting and financial reporting, and in particular, the completion of the comprehensive annual financial report, we rely heavily on the cooperation and input of every other state agency to successfully accomplish that task.

We acknowledge that Section 7-7-3 of Miss. Code Ann. (1972) requires DFA to conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the state accounting system. Before implementation of the new statewide system and since that time, we have provided class training, one-on-one personalized training and detailed assistance via the call center to agency personnel to help them understand the processes required for daily workflow. We have training material, work instructions and job aids available on the internet that are easily accessible. In addition to providing training on the state accounting system, we also provide training on GAAP reporting for financial statement preparation. While we have clearly stated that these

training sessions are necessary, we continue to have agencies that do not attend.

The finding specifically calls into question the lack of qualifications and skill requirements of agency accounting personnel, and specifically mentions the lack of qualified personnel serving as Chief Fiscal Officers. While we have the responsibility to provide systems to facilitate the financial reporting and operations of the state and to provide training to employees that use these systems, we do not have the oversight of the hiring or selection of agency employees. Hiring of qualified employees is the responsibility of each state agency head.

Corrective Action Plan

(a) The audit finding recommendation is for DFA to implement mandatory training sessions for accounting personnel and chief fiscal officers.

DFA will continue to provide training opportunities for accounting personnel and chief fiscal officers, and will pursue and provide additional training as funding allows. DFA will also consider requiring attendance, however enforcement of that will be difficult.

(b) The contact person responsible for this corrective action is Laura Jackson.

(c) The corrective action will be implemented during FY 2018.

(d) N/A

2017-027

Response

Strengthen Controls Over Segregation of Duties Within MAGIC

We acknowledge this finding.

Section 7-7-3(6) (d), Miss. Code Ann. states that each agency is responsible for continuous internal audit. DFA prescribes rules and regulations that clearly state that each state agency head and chief financial officer are responsible for the design, implementation, and maintenance of the internal control program within the agency. Therefore, each agency is responsible for the proper segregation of duties for their agency.

We accept that we have a responsibility in the internal control framework and must provide the tools to assist agencies in the internal control process. MAGIC security roles allow for the

segregation of duties and the internal control assessment tool assists agencies in reviewing employee's duties and roles within the agency. DFA will continue our current efforts in state agency education of good internal control and work with agencies to document compensating controls.

A quarterly security report is sent to all agencies from DFA and is required to be returned. DFA retains the security documentation received from agencies.

Customer Relationship Management (CRM) includes security roles that allow for the segregation of duties. The Grantor Analyst role allows access to the applications, agreements and change request forms. The Grantor Accountant role allows access to the grantor claim forms. There is a Grantor Manager role that includes access to applications, agreements, change requests, and claim forms.

Corrective Action Plan

(a) A policy change will be instituted to strengthen the consequences of failure to respond to the quarterly review. Internal control training will be provided for the agency personnel.

The CRM roles will be reviewed and changes will be made to further segregate the roles and responsibilities.

(b) Diane Langham is the contact person for this corrective action.

(c) The change will be completed by June 30, 2018.

(d) N/A

2017-028

Strengthen Controls Over the Security Audit Log of Mississippi's Accountability System for Government Information and Collaboration (MAGIC)

Response

We acknowledge the finding.

The log was enabled in April of 2016 for all options and functions available but was disabled in the spring of 2017 due to space limitations and resources needed for the MAGIC upgrade. We have reviewed the options and functions critical for monitoring and will enable those functions.

Corrective Action Plan

(a) DFA will enable the following functions for the log.

Audit Class	Event Class	Message Text
Dialog Logon	Critical	Logon Failed
Dialog Logon	Severe	Logon Failed
RFC/CPIC Logon	Critical	RFC/CPIC Logon Failed
System Events	Critical	Audit Configuration Changed
FC Function Call	Critical	Failed RFC Call & C

(b) Diane Langham is the contact person for this corrective action.

(c) The log will be enabled by April 1, 2018.

(d) N/A

SIGNIFICANT DEFICIENCIES

2017-003

Strengthen Controls Over the Vendor Master File and Issuance of Payments to One Time Vendors

Response

We concur with the finding.

DFA has limited use of the one-time vendor to those GL codes that do not require a 1099, so there should be no tax reporting consequence. Control over agency use of the one-time vendor code with the GL codes that don't require a 1099 is a manual control that relies on agency compliance. For those payments over \$1000, DFA requires the agency to attach agency assurance to the document that they have not paid the vendor before. However, the majority of the payments are under \$1000, so DFA is not required to approve them. DFA post-audits the one-time vendor in MAGIC on a monthly basis, and if a vendor has been used more than once by an agency, we contact the agency to request that they set up a vendor in MAGIC.

Corrective Action Plan

(a) DFA will review our processes to see what other controls can be implemented, up to and including removing the one-time vendor code.

(b) Lisa Dunn is the contact person for this corrective action.

(c) We anticipate completing our review by June 30, 2018.

(d) N/A

2017-004

Strengthen Controls Over Policies and Procedures Related to Journal Entry Approval

Response

We concur with the finding.

The MAAPP manual has been updated with information regarding the four journal entry type documents in Section 12. DFA is also implementing an edit that restricts the use of non-budgeted revenue and expenditure codes to the ZK document which routes to DFA for approval.

Corrective Action Plan

(a) DFA has updated the MAAPP manual Section 12 with information about the four Journal Entry type documents, and is implementing an edit that forces the use of non-budgeted revenue and expenditure transfer codes to the ZK document which routes to DFA for approval.

(b) Lisa Dunn is the contact person for this corrective action.

(c) Section 12 of the MAAPP manual is already available for users, and we anticipate the edit to go live in the next few weeks.

(d) N/A

2017-007

Provide Accurate and Timely Reports Regarding the Cash Reconciliations in the Accounting System

Response:

We concur with the finding.

A current 2017 reconciliation of the Daily Average Cash Balance (DACB) report has been completed and identifies the differences between MAGIC cash balances and amounts reported on the DACB.

Timeliness of the DACB report is impacted by nightly and daily processing. The report cannot be generated until all relevant MAGIC processes have completed. Processes run to extract data from MAGIC Monday – Friday. The DACB report, for the respective days, is generated Wednesday – Sunday. The current process ensures the completeness of the report.

Corrective Action Plan

(a) In September of 2017, the Office of Financial Affairs (OFA), Mississippi Management and Reporting Systems (MMRS), and The Office of the Treasurer met and discussed the required adjustments needed. OFA and MMRS have identified steps to begin making necessary corrections.

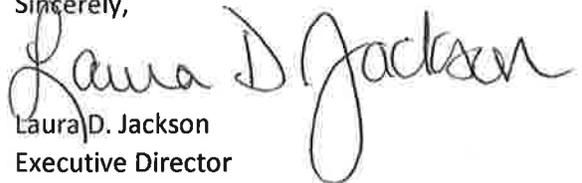
(b) The contact person responsible for this corrective action is Marcus Moore.

(c) This anticipated implementation is no later than June 2018.

(d) N/A

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Laura D. Jackson". The signature is written in a cursive style with a large, looped "L" and "J".

Laura D. Jackson

Executive Director

Department of Finance and Administration

MDHS Response:

MDHS agrees that controls should be strengthened to ensure compliance with eligibility and benefit payment requirements of the CCDF.

Corrective Action Plan:

In December 2017, MDHS completed a full eligibility redetermination for all current cases within Division of Early Childhood Care and Development ("DECCD"). Additionally, all clients found to be ineligible in the redetermination were reviewed for accuracy of the decision. DECCD will continue to conduct redeterminations periodically within the federal guidelines.

The MDHS Quality Control Department, a separate and distinct department from DECCD, will hire two (2) full time QC reviewers, dedicated to only DECCD reviews for improved internal quality control. Said employees will pull sample cases on a monthly basis to review the eligibility and proper payment of each case in the sample. DECCD will also start corrective action trainings to staff on common identified errors by quality control and on any modifications to the state and federal regulations. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-036

Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the TANF Program.

ELIGIBILITY

Material Noncompliance
Material Weakness

CFDA Number 93.558 - Temporary Assistance for Needy Families State Programs

Federal Award No. G1402MSTANF 2014 G1502MSTANF 2015
G1601MSTANF 2016 G1701MSTANF 2017

Federal Agency U.S. Department of Health and Human Services

Pass-through Entity U.S. Department of Health and Human Services

Questioned Costs \$5,628

MDHS Response:

- MDHS agrees that controls should be strengthened over compliance with eligibility and benefit payment requirements of the Temporary Assistance for Needy Families ("TANF") program.

Corrective Action Plan:

The Division of Economic Assistance (“EA”) will re-emphasize to its’ staff the importance of adherence to policy and procedures as set out in Volume III, TANF Policy Manual. This will be completed through providing additional trainings of the material contained in said policy manual, as well as, training employees on the various places where the policy manual can be found. Additionally, EA is in the process of implementing a new processing system that will enable the staff to review high counter cases electronically in the JAWS system. This will allow for a more effective method of monitoring the high counter report, and said report will be monitored to prevent case management errors in the future. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-037

Controls Should Be Strengthened over On-Site Monitoring for the CCDF, LIHEAP, SSBG and TANF Programs.

SUBRECIPIENT MONITORING

Material Weakness

Material Noncompliance

CFDA Number 93.558 Temporary Assistance for Needy Families State Programs
 93.667 Social Services Block Grant
 93.575 Child Care and Development Block Grant
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.568 Low Income Home Energy Assistance Program

Federal Award No. G1601MSTANF 2016 G1501MSCCDF 2015
 G1601MSCCDF 2016 G1601MSSOSR 2016
 G15B1MSLIEA 2015 G16B1MSLIEA 2016

Federal Agency U.S. Department of Health and Human Services

Pass-through Entity U.S. Department of Health and Human Services

Questioned Costs None

MDHS Response:

MDHS concurs with the finding that controls should be strengthened over subrecipient monitoring for the CCDF, TANF, LIHEAP and SSBG programs.

Corrective Action Plan:

A new Director has recently been appointed to the Monitoring section of Program Integrity (“PI”). With the new appointment, training will be conducted for all employees in the Monitoring section concerning the tracking system and the importance of timely uploading of all required documents in said system. Additionally, each employee is required to submit a weekly calendar to ensure all requisite documents from the onsite monitoring visit is uploaded within two (2)

weeks following the visit. Monitors currently use Smartsheets, in which will continue to aide notifying personnel when a response or report is past due. Lastly, the Monitoring section is planning to conduct a risk assessment to determine the proper monitoring procedures based upon each identified risk of each subrecipient. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-038

Controls Should Be Strengthened over Subrecipient Monitoring for OMB Uniform Guidance/Circular A-133 Audits of the SNAP, CCDF, TANF, SSBG and LIHEAP Programs.

SUBRECIPIENT MONITORING

Material Weakness

Material Noncompliance

CFDA Number

- 10.551 - Supplemental Nutrition Assistance Program
- 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
- 93.558 - Temporary Assistance for Needy Families State Programs
- 93.667 - Social Services Block Grant
- 93.575 - Child Care and Development Block Grant
- 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.568 - Low Income Home Energy Assistance Program

Federal Award No.

- | | |
|-----------------------|------------------|
| SNAP Letter of Credit | G1301MSCDDF 2013 |
| G1301MSSOSR 2013 | G1401MSCCDF 2014 |
| G1401MSSOSR 2014 | G1501MSCCDF 2015 |
| G1302MSTANF 2013 | G13B1MSLIEA 2014 |
| G1402MSTANF 2014 | G15B1MSLIEA 2015 |
| G1502MSTANF 2015 | |

Federal Agency

United States Department of Agriculture, U.S. Department of Health and Human Services

Pass-through Entity

United States Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs

None

MDHS Response:

MDHS concurs with the finding that controls should be strengthened over subrecipient monitoring related to the Uniform Guidance audit requirements for federal programs.

Corrective Action Plan:

The Monitoring section of PI will continue to issue ‘Initial Notice Letters’, ‘Reminder Letters’ and ‘Demand Letters’ to subgrantees, in which emphasizes the importance of timely submission of an audit report or the ‘Subgrantee Audit Information Form’ to document that an audit is not required. Additionally, the Monitoring section will issue a ‘Follow-Up to the Reminder Letter’ before the earliest deadline for submitting an audit report along with a ‘Follow-Up to the Demand Letter’ if required.

The Monitoring section will terminate the requirement to submit a ‘Subgrantee Audit Information Form’ within ninety (90) days from the end of the subrecipient’s fiscal year that was cited in previous letters; instead the Monitoring section will emphasize the deadline cited in the Uniform Guidance.

The MDHS Funding Divisions will be provided quarterly updates of unresolved audit findings and the Monitoring section will offer training and technical assistance to the Funding Divisions to ensure the audit findings are cleared by the responsible Funding Division in a timely manner. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-039

Controls Should Be Strengthened over the Submission of Required Federal Reports for the CCDF, TANF and SNAP Programs.

REPORTING

Significant Deficiency

CFDA Number 10.551 - Supplemental Nutrition Assistance Program
 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
 93.558 - Temporary Assistance for Needy Families State Programs
 93.575 - Child Care and Development Block Grant
 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award No. 12-35-2841 B16 G1601MSCCDF 2016
 12-35-2841 B17 G1701MSCCDF 2017
 G1601MSTANF 2016 G1701MSTANF 2017

Federal Agency United States Department of Agriculture; U.S. Department of Health and Human Services

Pass-through Entity United States Department of Agriculture; U.S. Department of Health and Human Services

Questioned Costs None

MDHS Response:

MDHS agrees that the report was not submitted within the required time-frame and that there was not a final approval signature.

Corrective Action Plan:

The Division of Budgets and Accounting (“B&A”) implemented procedures to address the issue of the review process and the submission of reports. The B&A Director will reiterate to employees that all reports are to be returned to the supervisor if there is no final signature for approval. Additionally, the employees will be reminded that all reports must be submitted into the grant status database in a timely manner. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-040

Controls Should Be Strengthened over Termination of Benefits for Non-Participation of Work-Eligible Adults in the Work Activities Program

SPECIAL TEST
Significant Deficiency
Immaterial Noncompliance

CFDA Number 93.558 - Temporary Assistance for Needy Families State Programs
Federal Award No. G1701MSTANF 2017
Federal Agency U.S. Department of Health and Human Services
Pass-through Entity U.S. Department of Health and Human Services
Questioned Costs \$2,645

MDHS Response:

MDHS agrees that controls should be strengthened over termination of benefits for non-participation of work-eligible adults in the work activities program.

Corrective Action Plan:

The EA Division will implement a more tailored method to effectively monitor the termination of benefits for non-participation of work-eligible adults in the work activities program. To proactively strengthen the review process of the monthly “TANF High Counter Report”, said division is implementing a system of processing the MDHS-EA-313 (High Counter Action Plan) and 313A (High Counter Action Plan Follow-up Case Review) which will enable the staff to review high counter cases electronically in the JAWS system. This option will allow for a more effective method of monitoring the high counter report. This report will be monitored to prevent case management errors in the future. To further monitor work-eligible recipients who are not participating in work activities, a new report will be generated that will consist of all overdue high counter reviews. These reports will be reviewed and monitored at the county, regional and state office level. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-041

Controls Should Be Strengthened over 20 Percent Exemption and Five Year Time Limit.

EARMARKING
Significant Deficiency
Immaterial Noncompliance

CFDA Number 93.558 Temporary Assistance for Needy Families State Programs
Federal Award No. G1701MSTANF 2017
Federal Agency U.S. Department of Health and Human Services
Pass-through Entity U.S. Department of Health and Human Services
Questioned Costs \$2,452

MDHS Response:

MDHS agrees that controls should be strengthened over 20% exemption and five (5) year time limit requirements of the TANF program.

Corrective Action Plan:

The EA Division will re-emphasize to its' staff the importance of adherence to policy and procedures as set out in Volume III, TANF Policy Manual. This will be done through providing additional trainings of the material contained in said policy manual, as well as, training employees on the various locations where the policy manual can be found. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

2017-042

Controls Should Be Strengthened over Compliance with Health and Safety Requirements of the CCDF Cluster

SPECIAL TEST
Significant Deficiency
Immaterial Noncompliance

CFDA Number 93.575 - Child Care and Development Block Grant
93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award No. G1601MSCCDF 2016
G1701MSCCDF 2017
Federal Agency U.S. Department of Health and Human Services
Pass-through Entity U.S. Department of Health and Human Services

Questioned Costs \$40,098

MDHS Response:

MDHS agrees that controls should be strengthened over compliance with health and safety requirements of CCDF.

Corrective Action Plan:

DECCD will require unlicensed providers to comply with the Health and Safety Training, criminal background checks, and to update their provider information. Additionally, MDHS County Directors will assume the role of monitoring unlicensed providers for compliance until such time that a contract can be negotiated with the MS Department of Health to begin monitoring unlicensed providers. Negotiations are currently underway to establish MS Department of Health as the monitoring unit for unlicensed providers. The name of the contact person who is responsible for this corrective action plan is David Barton, Director of Internal Audit. The anticipated completion date for the corrective action plan is on or about September 30, 2018.

We appreciate the courtesy and professionalism demonstrated by Jeremy Ashley and his field staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact David Barton, MDHS Director of Internal Audit, at 601-359-4551.

Respectfully,



John Davis
Executive Director

JD:DB

cc: Janet Mann
Jacob Black
Chip Butler
David Barton



STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
John Davis
Executive Director

FINANCIAL AUDIT FINDINGS

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

February 14, 2018

Dear Mr. Pickering:

Enclosed for your review is the agency's official response and corrective action plan to the financial audit finding in the "Financial Audit Management Report" as outlined in the Mississippi Department of Human Services financial audit performed for the Fiscal Year 2017.

FINANCIAL AUDIT FINDINGS:

2017-021 Controls over SPAHRS Security Access and Accrued Compensated Absences Should be Strengthened.

Response: The Mississippi Department of Human Services ("MDHS") is in agreement that controls should be strengthened concerning Statewide Payroll and Human Resources System ("SPAHRS") security access and ensuring that employees leave balances coincide with the Department of Finance and Administration's ("DFA") Accrued Compensated Absences Report. Upon termination or voluntary separation from the agency, an employee's access to SPAHRS should be immediately deactivated to mitigate the potential of fraud to occur. Likewise, precise accrued compensated absence leave reporting is imperative to ensure employees have accurate leave balances, as it is critical to alleviate the potential of a misrepresentation in any financial reporting concerning such. To address this issue along with other beneficial reasons, MDHS is currently implementing an automated time tracking system for the agency as a whole.

Corrective
Action Plan: The Division of Human Resources at MDHS currently has an employee checklist to complete when an employee separates from the agency. Thus, the Division of

Human Resources will implement "a removal from SPAHRS" block to the current checklist to ensure said employee's access to SPAHRS has been terminated. The Human Resources Division will also create and implement a procedure to reconcile employment status with the SPAHRS security access report. This will be completed on a monthly basis. By doing such, this should ensure that unauthorized access to SPAHRS from an employee no longer associated with MDHS is terminated in a timely manner.

As stated previously, MDHS is in the process of implementing an automated employee driven time tracking system, which is referred to as NOVAtime. With said implementation any time card corrections and/or modifications will automatically update when NOVAtime transmits to SPAHRS for each pay period. This should ensure that accrued leave balances are updated and moreover should report accurate information for financial reporting. This also allows for the employees to have accurate knowledge concerning leave balances.

David Barton, the Director of the Division of Internal Audit at MDHS, will be the point of contact concerning the corrective action plan. The anticipated completion date for the corrective actions is June 30, 2018.

We appreciate the courtesy and professionalism demonstrated by Jeremy Ashley and his field staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact David Barton, MDHS Director of Internal Audit, at 601-359-4551.

Respectfully,



John Davis
Executive Director

JD:DB

CC: Janet Mann
Jacob Black
Chip Butler
David Barton



FINANCIAL AUDIT FINDINGS

Stacey E. Pickering, State Auditor
Office of the State Auditor
501 North West Street
Suite 801
Jackson, MS 39201

February 28, 2018

Dear Mr. Pickering:

With respect to your audit of the financial statements of the Department of Revenue for the Fiscal Year ended June 30, 2017, we offer the following comments:

MATERIAL WEAKNESS

2017-011 Controls Should Be Strengthened over Adjustments to Taxpayer Accounts

Response: We agree. The electronic notification was in development and scheduled to be in production prior to the end of FY 2017. A problem was found during testing in May 2017 that required further development, with significant changes. This change delayed the move into production until October 2017.

Corrective Action:

The computer change request to fix the post-production issues for electronic notifications for abatements/adjustments is now in production.

Name: Jennifer Wentworth, Associate Commissioner – Agency Support

SIGNIFICANT DEFICIENCIES

2017-012 Controls Should Be Strengthened over the Reconciliation of Alcohol Beverage Control Taxes

Response: We agree. MDOR recognizes the potential impact on financial statements when good internal controls are not in place. Since all ABC funds are receipted into Fund 39895 and then flow to the other ABC funds we felt it was necessary to work first on developing a reconciliation for Fund 39895. We originally developed a monthly reconciliation for Fund 39895. However, due to the complexities of the various price elements in MARS, a daily reconciliation process was determined to be a more efficient way to identify differences; however, reconciling daily is a very time consuming process that has

required hours of assistance from the MARS team that was limited due to other priority status projects. A monthly reconciliation process for Fund 33895 has been developed and differences noted are being discussed with the MARS team and ABC staff as needed.

Corrective Action:

We will continue to work to get the reconciliations current.

Name: Jennifer Wentworth, Associate Commissioner – Agency Support

2017-013 Controls Over Accrued Compensated Absence Should Be Strengthened

Response: We agree somewhat. MDOR does not agree that we do not reconcile our internal employee leave balance records to DFA’s employee leave balances. A monthly leave balance accrual report is sent to leave keepers monthly to balance against the internal employee leave balance records. Any adjustments are sent to MDOR’s Human Resources department (HR) to make the necessary adjustments in SPAHRS. MDOR does agree that controls should be strengthened over the agreement of agency’s records of employee leave balances to DFA’s Accrued Compensated Absence Report.

Corrective Action:

- MDOR HR will implement more timely deadlines for submission of leave taken by employees. To reduce adjustments needed to leave report, the weekly leave report submission will change from Monday to Tuesday at noon.
- HR will conduct internal audits of leave slips against leave reports/SPAHRS entry for all departments. HR will select a random sample of leave slips to review quarterly from the departments.
- Upon training, HR will reconcile to DFA’s Accrued Compensated Absence Report for GAAP financial reporting purposes.

Name: Lamar Wilson, Human Resources Director

Our staff is available to furnish any additional information requested or further details concerning this audit of our financial statements and the implementation of suggested changes.

Respectfully,


Herb Frierson,
Commissioner of Revenue



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

February 15, 2018

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2017 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:

2017-026 MSDH does not have the proper internal controls to ensure the data obtained and maintained is complete and accurate for relative value tables. MSDH did not update the relative value tables in response to the prior year finding.

CFDA Number: Special Supplemental Nutrition Program for Women, Infants and Children, 10.557; Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements, 93.074

Requirement: Allowable Costs

Response: The agency concurs with this finding.

Corrective Action: In regards to the relative value table, while some of the prior year values were corrected, MSDH will continue to correct the remaining relative value table issues.

Name of contact person responsible for corrective action: IT Department and Field Services

Anticipated completion date of corrective action: August 2018

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,

[Handwritten signature of Mary Currier]

Mary Currier, M.D., M.P.H.
State Health Officer



MISSISSIPPI STATE DEPARTMENT OF HEALTH

FINANCIAL AUDIT FINDINGS

February 15, 2018

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

Dear Mr. Pickering:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2016 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:

2017-025 The Mississippi State Department of Health (MSDH)'s procedures to ensure all significant revenue related to services provided through the clinics received after the lapse period are properly estimated and accrued into the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) need to be established. MSDH does not have an appropriate process to review, analyze and record an allowance for doubtful accounts related to services provided in the clinics.

Response: The agency concurs with this finding.

Corrective Action: MSDH is currently working to procure software for the clinics that will streamline the process of tracking outstanding patient balances for the clinics to facilitate analyzing accounts receivable.

Name of contact person responsible for corrective action: Consultant and Clinical Technology Integration Staff.

Anticipated completion date of corrective action: June 30, 2018 we will be fully operational and reports should be available to more accurately determine accounts receivable balances.

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,

Mary Currier, M.D., M.P.H.
State Health Officer



STATE OF MISSISSIPPI
PHIL BRYANT, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
GLENN MCCULLOUGH, JR.
EXECUTIVE DIRECTOR

FINANCIAL AUDIT FINDINGS

February 16, 2018

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

Dear Mr. Pickering:

The Mississippi Development Authority (MDA) is in receipt of your letter dated February 14, 2018 regarding Tax Abatements and GASB 77 requirements. We are providing MDA's response below.

AUDIT FINDINGS:

2017-029

Controls over the reporting of tax abated revenue should be strengthened in accordance with Governmental Accounting Standards Board statement number 77 and Generally Accepted Accounting Principles

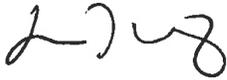
RESPONSE:

MDA is aware of the GASB 77 reporting requirements and agrees with the auditor with regards to the inability of the agency to have foreseen the new reporting requirements. MDA has worked with the Department of Finance and Administration, The Department of Revenue and the State Auditor's Office in an effort to better understand what its role would be in the collecting and reporting of information. A final determination and agreement of what MDA programs were applicable under GASB 77 was reached in December of 2017. Since that date MDA has worked with DFA to compile the statutory authorizations for the various tax abatements and also an estimate to be used in the CAFR.

CORRECTIVE ACTION PLAN:

- a. MDA will continue to work with the Department of Finance and Administration, The Department of Revenue and the State Auditor's Office to determine the most effective way to compile and/or deal with the required information. MDA also plans to reach out to the companies that are the recipients of the tax abatements to determine what information may be available from the company to aid in the preparation of the estimate.
- b. Sara Watson 601-359-9344
- c. MDA is working to determine the best way to gather and/or deal with the required information and is working to have a plan in place prior to the FY 18 reporting period ending.

Sincerely,



James T. McCarthy
Chief Financial Officer

Melinda L. McGrath
Executive Director

P. O. Box 1850
Jackson, MS 39215-1850
Telephone (601) 359-7001
FAX (601) 359-7110
GoMDOT.com



James A. Williams, III
Deputy Executive Director/Chief Engineer
Lisa M. Hancock
Deputy Executive Director/Administration
Willie Huff
Director, Office of Enforcement
Charles R. Carr
Director, Office of Intermodal Planning

FINANCIAL AUDIT FINDING

February 27, 2018

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

Dear Mr. Pickering:

We received the Financial Audit Management Report and the following details our response to the Audit Finding for FY 2017:

<u>Finding Number</u>	<u>Finding and Recommendation</u>
------------------------------	--

	MATERIAL WEAKNESS
--	--------------------------

2017-018	
----------	--

	<u>Controls Should Be Strengthened Over the Financial Close Process to Ensure GAAP Packet and Capital Assets are Reported Timely and Accurately</u>
--	---

Finding:

During our review of financial reporting at the Mississippi Department of Transportation (MDOT), we noted agency personnel did not prepare their GAAP packet for Capital Assets 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 06, 2017. MDOT was granted an extension to submit the completed packet by DFA-OFR until September 22, 2017. However, the GAAP packet for Capital Assets was not submitted until September 26, 2017.

Additionally, during our review of the Capital Asset GAAP Packet we identified the following error in the notes to the financial statements that required corrections:

- The Note 8 Infrastructure Construction in Progress Project Authorization amount was overstated by \$453,272,685. The

overstatement is due to the Fiscal Year 2017 Closed Projects not being properly removed.

Response:

MDOT does concur with this finding that the GAAP packet was 2 business days late in the submission to DFA-OFR and Note 8 Project Authorization amount was overstated.

Corrective Action Plan:

- A. While the Mississippi Department of Transportation had many controls in place, we will exercise due care in the future to certify a thorough and comprehensive review of all data is performed. We will review our timeline and processes to ensure a timely submission.
- B. The Financial Management Director, Alison Brown and her staff are responsible for this corrective action plan.
- C. This corrective action plan will be implemented during FY 2018 GAAP packet.

Should you have any questions or need additional information, contact our Financial Management Division at (601) 359-7400.

Sincerely,



Melinda L. McGrath, PE
Executive Director

MLM:trb

cc: Lisa Hancock, Deputy Executive Director/Administration
Alison Brown, Financial Management Director

MISSISSIPPI DIVISION OF
MEDICAID**SINGLE AUDIT FINDINGS**

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

April 13, 2018

Dear Mr. Pickering:

We have reviewed the single audit findings below in reference to our fiscal year 2017 audit. Listed below are our individual responses and plans for corrective action:

AUDIT FINDING:

CFDA Number - 93.767 - Children's Health Insurance Program (CHIP)

Compliance Requirement: Period of Performance

2017-033 Agency Should Segregate Expenditures by Grant Award Year in the Mississippi Accountability System for Government Information and Collaboration (MAGIC)

Response: The Mississippi Division of Medicaid (DOM) does not concur with this finding. DOM maintains supporting documentation for all expenses related to each federal draw from the Children's Health Insurance Program (CHIP) grant. DOM believes this supporting documentation and the grant information available in the Department of Health and Human Services Payment Management System (PMS) provides the Office of the State Auditor (OSA) sufficient records to test for "Period of Performance". The Compliance Supplement states CHIP grant funds, "shall remain available for expenditure by the State through the end of the succeeding fiscal year (i.e., the year of award and one subsequent fiscal year)." Additionally, we have been instructed by the Centers for Medicare and Medicaid Services (CMS) in writing to spend all of our current grant allotment before drawing from a subsequent grant allotment. Therefore, CMS has specifically instructed DOM to use the "first in, first out" method rather than appropriately matching revenue and expenditures in a grant period. Unless DOM draws CHIP funds in a federal fiscal year that is after the subsequent year of a specific allotment, there should be no possibility of noncompliance with the "Period of Performance" requirement.

Office of the State Auditor
April 13, 2018

Therefore, DOM doesn't believe it would be efficient to create new grants and internal orders in MAGIC each time a new CHIP grant year or allotment period begins and ends.

Corrective Action Plan: DOM does not concur with this audit finding. DOM will continue to follow the express written instructions from CMS on the expenditure of the CHIP grant funds.

AUDIT FINDING:

CFDA Number – 93.778 – Medical Assistance Program (Medicaid: Title XIX)
93.777 – State Survey and Certification of Health Care Providers and
Suppliers (Title XVIII Medicare)
93.775 – State Medicaid Fraud Control Unit

Compliance Requirement – Special Tests

2017-034 Agency Should Implement Policy to Conduct Periodic Risk Analyses of all ADP Systems Involved in the Administration of HHS Programs

Response: The Mississippi Division of Medicaid (DOM) does not concur with this audit finding. In response to the Office of the State Auditor's (OSA) finding last year, DOM added the following paragraph to policy 1.1, Risk Analysis Policy on April 3, 2017:

In the case of ADP systems involved in the administration of Health and Human Services (HHS) programs, DOM will follow the MARS-E 2.0 Risk Assessment (RA-3) Control which requires the Administering Entities (AEs) to conduct, document, annually review, and disseminate a Risk Assessment of the security and privacy of the systems, and review the Service Organization Control (SOC) reports annually or whenever provided by the fiscal agent.

The policy went through the review and approval process which includes informing all employees of the policy via a transmittal process. This transmittal was completed on September 28, 2017, which is considered the effective date of the policy. When DOM received this OSA finding on January 24, 2018, we provided the following response:

DOM's revised risk assessment policy was not approved until the end of September, 2017. As such, DOM has not had a review cycle occur since the policy was approved. When DOM receives the next assessment documents, which are due in March of 2018, we will complete the risk assessment review against the MARS-E 2.0 framework as required by our policy.

We have now begun our annual review cycle. Stephen Oshinsky (DOM's iTECH project manager for MOD MEDs), Rachele Richardson (DOM Privacy Officer), and Keith Robinson (DOM Security Officer) are in the process of going through the annual review process for Eligibility which will include the review of the Information Security Risk Assessment. The

Office of the State Auditor
April 13, 2018

results of this review will produce the Security and Privacy Assessment Final Report. These three individuals also plan to review the SOC reports from Conduent which we received in February of 2018. Additionally, the outside audit that is done annually is also a part of DOM's risk assessment process.

Corrective Action Plan:

The Mississippi Division of Medicaid has already implemented a schedule for review of the SOC1 and risk analysis documents and procedures. Additionally, the findings and actions taken will be documented via official memos and stored with the security files.

Sincerely,



Drew L. Snyder
Executive Director



FINANCIAL AUDIT FINDINGS

February 16, 2018

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

Dear Mr. Pickering:

In accordance with your correspondence dated February 6, 2018, the Mississippi Division of Medicaid (DOM) is providing the following responses for the financial audit findings for the fiscal year ending June 30, 2017.

AUDIT FINDING:

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

RESPONSE:

The Mississippi Division of Medicaid (DOM) concurs with the finding. To meet the GAAP packet submission deadline of September 6, 2017, established by the Department of Finance and Administration (DFA), DOM needed to be able to rely on Mississippi Accountability System for Government Information and Collaboration (MAGIC) accounting records in all aspects and only make needed accrual and adjusting entries. DOM encountered problems with the amounts recorded in MAGIC as Transfers Between Funds and Due To/Due From Other Funds. In addition to the problems with Transfers, an accrual entry for one of our funds would not load into MAGIC before a MAGIC table was updated on September 13, 2017.

CORRECTIVE ACTION PLAN:

A. The Mississippi Division of Medicaid (DOM) will strengthen controls to ensure agency financial reports are prepared timely. DOM will need to better review accounting records throughout the year and during the lapse period to identify any problems before and right after the Department of Finance and Administration (DFA) posts accrual entries to record lapse period activity. DOM will request an extension in writing from DFA if problems are encountered with Transfers or MAGIC uploads during FY-18 GAAP packet preparation.

Office of the State Auditor
February 16, 2018

B. Phil Allen

C. April 1, 2018 – DOM will begin reviewing MAGIC accounting records to identify any potential problem areas and adjusting entries that may be required. DOM will need to complete all GAAP packet related tasks/reviews that can take place prior to DFA’s posting of lapse period accrual entries.

AUDIT FINDING:

2017-010 Controls Should Be Strengthened to Ensure Compliance with Laws and Regulations Regarding Timely Treasury Deposits

RESPONSE:

The Mississippi Division of Medicaid (DOM) concurs with the finding.

CORRECTIVE ACTION PLAN:

A. The Mississippi Division of Medicaid (DOM) will strengthen controls to ensure compliance with laws and regulations regarding timely Treasury deposits. DOM receives and deposits approximately 1,500 checks each month. DOM has controls in place to ensure all checks are safeguarded and properly recorded. DOM has identified areas in our internal process that may delay Treasury deposits. As a result, DOM has made personnel changes and increased management oversight of the process to ensure DOM complies with laws and regulations regarding timely Treasury deposits.

B. Gia Allen

C. October 1, 2017 – DOM made personnel changes and increased management oversight of the Treasury deposit process after the untimely Treasury deposits were brought to DOM’s attention by the Office of the State Auditor.

Sincerely,



Drew L. Snyder
Interim Executive Director



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

Auditor's note to the Response from Management

DIVISION OF MEDICAID

PERIOD OF PERFORMANCE

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Finding Number

Finding Heading

2017-033

Agency Should Segregate Expenditures by Grant Award Year in MAGIC

Rebuttal to Agency Response:

We have reviewed the comments made by the agency in response to the above noted finding. While we understand that the Division of Medicaid claims that they use all grant funds each year, and that there is no hold over from grant year to grant year, personnel is unable to provide any documentation to verify this information. The Division of Medicaid is unable to provide a listing of which grant funds are used to pay specific grant expenditures – thereby eliminating the possibility of testing Period of Performance. As Period of Performance is specifically listed in the CHIP Compliance Supplement as an applicable area to test, we feel that it must be a Material Noncompliance finding. Grant funds should, at a minimum, be segregated in financial records by grant year.



State of Mississippi
DEPARTMENT OF REHABILITATION SERVICES

March 28, 2018

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

Dear Auditor Pickering:

We have reviewed the audit finding below in reference to the Mississippi Department of Rehabilitation Services 2017 fiscal year audit. Listed below are our responses and plan for corrective action:

AUDIT FINDINGS:

2017-023 Agency Should Ensure Compliance with Medical Licensure Verification.

Compliance
Requirement

Special Tests

CFDA Number(s)

96.001 – Social Security – Disability Insurance Program

Response:

The Mississippi Department of Rehabilitation Services (MDRS/DDS) concurs with this finding.

Corrective Action Plan: MDRS/DDS will take more concise steps to assure all required licensure remains up to date as part of the vendor's file. Updated licenses will be requested annually and become part of the file prior to the beginning of the fiscal year.

Name of the contact person responsible for corrective action: Jo Ann Summers,
Director, MDRS - Office of Disability Determination Services

Anticipated completion date for corrective action: immediately.

2017-024

Agency Should Ensure Compliance Requirements of the Cost Allocation Plan.

Compliance
Requirement

Allowable Costs/Cost Principles

CFDA Number(s)

96.001 – Social Security – Disability Insurance Program

Response:

The Mississippi Department of Rehabilitation Services (MDRS/DDS) concurs with this finding.

Corrective Action Plan: MDRS would like to note that no changes have been made to constitute a revision to the cost allocation plan.

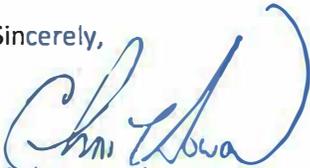
A yearly certification will be filed with our cognizant agency from this point forward.

Name of the contact person responsible for corrective action: Liza Hammett,
Director, MDRS - Finance

Anticipated completion date for corrective action: July 15, 2018

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,



Chris Howard
Executive Director



State of Mississippi
DEPARTMENT OF REHABILITATION SERVICES

Financial Audit Findings

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

February 14, 2018

Dear Mr. Pickering:

The following response is provided to the Mississippi Office of the State Auditor as a result of the audit of the financial statements for the Mississippi Department of Rehabilitation Services for Fiscal Year 2017:

AUDIT FINDING:

Finding: 2017-022 - Controls Over the Reporting of Federal Revenue Should be Strengthened

Response: While the agency concurs that revenues totaling \$1,354,773 were not recorded on the Schedule of Expenditures of Federal Awards ("SEFA"), we do not agree this finding is material to the financial statements. This amount represents 2 percent of total expenditures in this fund, which is less than the 5 percent materiality threshold utilized by the Office of the State Auditor. In addition, since implementation of the new accounting system, MAGIC, in 2014, system reporting has proven burdensome.

Corrective Action Plan: Internal controls will be strengthened to ensure revenue is properly recorded on future SEFA.

Thank you for your recommendation. Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Howard", is written over a large, stylized blue circular mark.

Chris Howard
Executive Director

1281 Hwy 51 N. Madison MS 39110 • P.O. Box 1698 Jackson MS • 601-853-5100 (Voice or TDD)



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

Auditor's note to the Response from Management

REHABILITATION SERVICES

MATERIAL WEAKNESS

Finding Number

Finding Heading

2017-022

Controls Over the Reporting of Federal Revenue Should Be Strengthened.

Rebuttal to Agency Response:

The Office of the State Auditor determines materiality on an audit by audit basis. Materiality is not determined as a certain percentage of revenue and is based on various risk factors.

Revenue was incorrectly reported and required an audit adjustment to ensure the financials were free from material misstatement.



OFFICE OF THE STATE TREASURER
LYNN FITCH
TREASURER

FINANCIAL AUDIT FINDINGS

February 20, 2018

The Honorable Stacey E. Pickering
State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

Dear Auditor Pickering:

In accordance with your correspondence dated February 6, 2018, the Office of the State Treasurer (OST) is providing the following responses for the financial audit findings for the fiscal year ended June 30, 2017.

AUDIT FINDINGS:

2017-019 Controls Should Be Strengthened over Cancelled Warrants Payable to Ensure Compliance with State Law

Response: We acknowledge this finding to the extent that the OST returned all cancelled warrants as soon as all required information was available to OST, which may have exceeded the five-year statutory period.

The process for returning cancelled warrants to the original source of funds was never initiated and established through the assistance of DFA-MMRS personnel as agreed upon during the implementation of MAGIC. OST took the initiative to coordinate with other State agency accounting personnel to obtain mandatory MAGIC information necessary in the transaction of returning the cancelled warrants. This information was not available until July 2017, and OST timely returned the funds to the agencies at that time.

Corrective Action Plan:

- A. OST will establish a process to obtain and maintain updated information from State agency accounting personnel for the mandatory MAGIC information to allow for the returning of cancelled warrants to the original source of funds in a timely manner to ensure efficient use of State resources.

- B. Yolanda Campbell - Director of Accounting, Bonds and Financial Management
Samuel Cole – Director of Administrative Services
- C. July 1, 2018
- D. N/A

2017-020 Controls Should Be Strengthened over Arbitrage Calculations

Response: We concur with this finding; however, we would like to emphasize that *no arbitrage payments or interest penalties were due on any late filings.*

Corrective Action Plan:

- A. OST will strengthen controls to ensure all bonds are monitored for the timing of arbitrage calculations and rebate submissions, and that those calculations and rebate submissions occur timely, in accordance with the Internal Revenue Service regulations. OST has already started developing an internal centralized database as well as a database with the State’s arbitrage consultant to ensure better efficiency, maintenance, and reporting for all bond issues requiring arbitrage rebate calculations. If the accounting information provided to the arbitrage consultant is prepared by someone other than the Bond Director, the information will be reviewed.
- B. Yolanda Campbell - Director of Accounting, Bonds and Financial Management
- C. July 1, 2018
- D. N/A

Sincerely,



Lynn Fitch
Treasurer
State of Mississippi



**MISSISSIPPI
DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS**

Sam Polles, Ph.D.
Executive Director

FINANCIAL AUDIT FINDINGS

February 28, 2018

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

Dear Mr. Pickering:

The Mississippi Department of Wildlife, Fisheries, and Parks (MDWFP) respectfully submits its response to the financial audit conducted by the Office of the State Auditor (OSA) for fiscal year 2017. I would like to thank the State Auditor's staff that was assigned to our agency with regard to their courtesy and professionalism exhibited during the audit.

The following pages represent our response to each finding and recommendation in OSA's final audit report, stating whether the agency concurs or does not concur with the individual findings, as well as providing a plan for corrective action.

AUDIT FINDINGS:

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

Response: We concur with this finding. The Mississippi Accountability System for Government Information and Collaboration (MAGIC) provides very limited instructions on the posting of capital assets that do not originate using a purchase order. The land acquisitions identified in this year's audit were purchased without a MAGIC purchase order. The agency has been advised that these transactions should be recorded manually and has coordinated with DFA-OFR to identify and correctly record each capital asset transaction to prevent any inaccuracies in current or future financial reporting.

Corrective Action Plan:

- A. Immediate steps have been taken to develop written policies that detail the specific methods of recording capital assets that do not originate in MAGIC.
- B. Contact Person: Brian Ferguson, Director of Support Services
Telephone: (601) 432-2149; E-mail: brianf@mdwfp.state.ms.us
- C. Completion Date: June 30, 2018

2017-009

Agency Should Strengthen Internal Controls over Cash Receipts

Response: We concur with this finding. Although this is an immaterial deficiency, we have identified the need to strengthen controls over the reconciliation, audit, and recording functions of cash receipts.

Corrective Action Plan:

- A. The agency will implement written policy that requires a weekly review of all revenue to assure cash receipts are recorded within seven business days.
- B. Contact Person: Brian Ferguson, Director of Support Services
Telephone: (601) 432-2149; E-mail: brianf@mdwfp.state.ms.us
- C. Completion Date: June 30, 2018

Respectfully,



Jennifer Head, MBA
Office Director

IV. INDICES



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STATE OF MISSISSIPPI

**INDEX OF FINANCIAL STATEMENT FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

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STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2017**

1. U.S. Department of Agriculture: Page 95
2. U.S. Department of Commerce: None
3. U.S. Department of Defense: None
4. U.S. Department of Housing and Urban Development: None
5. U.S. Department of the Interior: None
6. U.S. Department of Justice: None
7. U.S. Department of Labor: None
8. U.S. Department of Transportation: None
9. U.S. Department of Treasury: None
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and Humanities: None
13. Small Business Administration: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. U.S. Department of Education: Page 105
18. Gulf Coast Ecosystem Restoration Council: None
19. National Archives and Records Administration: None
20. U.S. Department of Health and Human Services: Page 107
21. Corporation for National and Community Service: None
22. Executive Office of the President: None
23. Social Security Administration: Page 131
24. Department of Homeland Security: None

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STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2017**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Central Mississippi Residential Center: None
8. Corrections: None
9. Education: Page 95, 105
10. Emergency Management: None
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: None
14. Forestry Commission: None
15. Gaming Commission: None
16. Governor's Office: None
17. Health: Page 97, 107
18. Human Services: Page 99, 109
19. Insurance: None
20. Library Commission: None
21. Marine Resources: None
22. Medicaid: Page 127
23. Mental Health: None
24. Military Department: None
25. Mississippi Development Authority: None
26. Oil and Gas Board: None
27. Pharmacy: None
28. Public Safety: None
29. Public Service Commission: None
30. Rehabilitation Services: Page 131
31. Soil and Water Conservation Commission: None
32. Supreme Court: None
33. Transportation: None
34. Treasury: None
35. Veterans Affairs Board: None
36. Wildlife, Fisheries and Parks: None

Note: If findings and recommendations related to and agency appear on more than one page in a sequence, only the first page is indicated in the above reference.

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STATE OF MISSISSIPPI

INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FINDING NUMBER
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STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES TO FEDERAL AWARD FINDINGS
AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2017**

- 37. Agriculture and Commerce: None
- 38. Animal Health: None
- 39. Archives and History: None
- 40. Arts Commission: None
- 41. Attorney General: None
- 42. Board for Community and Junior Colleges: None
- 43. Central Mississippi Residential Center: None
- 44. Corrections: None
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- 47. Employment Security: None
- 48. Environmental Quality: None
- 49. Finance and Administration: None
- 50. Forestry Commission: None
- 51. Gaming Commission: None
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- 55. Insurance: None
- 56. Library Commission: None
- 57. Marine Resources: None
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- 59. Mental Health: None
- 60. Military Department: None
- 61. Mississippi Development Authority: None
- 62. Oil and Gas Board: None
- 63. Pharmacy: None
- 64. Public Safety: None
- 65. Public Service Commission: None
- 66. Rehabilitation Services: Page 197
- 67. Soil and Water Conservation Commission: None
- 68. Supreme Court: None
- 69. Transportation: None
- 70. Treasury: None
- 71. Veterans Affairs Board: None
- 72. Wildlife, Fisheries and Parks: None

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V. ACKNOWLEDGMENTS



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ACKNOWLEDGMENTS

REPORT PREPARED BY:

Stacey E. Pickering, State Auditor
Patrick S. Dendy, CPA, Deputy State Auditor
Stephanie C. Palmertree, CPA, CGMA, Director, Financial and Compliance Audit Division
Donna Parmegiani, CPA, Director, Agency Audit Section
Jason K. Ashley, Director, Administrative Services of Audit Division

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

Managers

Michael Torres, CPA
Deanna White, CPA
Thomas Wirt, CPA

Supervisors

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Jeremy Ashley, CFE
Kevin Cribbs
Selena Davis, CPA
Alan Jarrett
Ashley Jolly, CPA

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