



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

July 29, 2019

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

Mr. Scott Spivey, Executive Director  
Mississippi Home Corporation  
735 Riverside Drive,  
Jackson, MS 39202

Dear Mr. Spivey:

Enclosed for your review are the Limited Internal Control and Compliance Review findings for the Mississippi Home Corporation for the Fiscal Year 2018. In these findings, the Auditor's Office recommends the Mississippi Home Corporation (MHC):

1. Ensure Compliance with State Law over Surety Bond Coverage.

Please review the recommendations and submit a plan to implement them by August 5, 2019. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

This report is intended solely for the information and use of management, members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

Sincerely,

A handwritten signature in cursive script that reads "Stephanie C. Palmertree".

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

The Office of the State Auditor (OSA) has completed its Limited Internal Control and Compliance Review of the Mississippi Home Corporation (MHC) for the fiscal year ending June 30, 2018. The Office of the State Auditor's staff members participating in this engagement included Derrick Garner CPA, Richard Aultman CPA, Lee Pittman CPA, and Ashley Kilpatrick.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be weaknesses. In accordance with *Mississippi Code Annotated (1972) 7-7-211*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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## **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**

**Finding 1:** Agency Should Ensure Compliance with State Law over Surety Bond Coverage.

**Executive Summary:** During fiscal year 2018, we noted that one of the Board Member was not properly bonded as required by state law. Failure to have a bond in place could limit the amount available for recovery if a loss occurred within the agency.

**Recommendation:** Mississippi Home Corporation strengthen controls to ensure compliance with state law that requires Board Member to have a surety bond.

**Detailed Analysis:** During our review of Mississippi Home Corporation's surety bonds, the auditor noted that the agency did not have surety bond coverage for one Board Member for FY 2018.

*Section 43-33-705 Mississippi Code Annotated* states, that all officers, employees or agents exercising any voting power or discretionary authority shall be required prior to the issuance of any bonds by the corporation to have issued by a surety company licensed to do business in the State of Mississippi a fiduciary bond in the amount of Fifty Thousand Dollars (\$50,000) for the faithful performance of their duties. The corporation shall pay the premiums on such bonds.

Failure to maintain surety bond coverage could result in the loss of public funds.

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**End of Report**



## COMPLIANCE REVIEW FINDINGS

July 31, 2019

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

Dear Mr. White,

This letter serves as Mississippi Home Corporation's (the "Corporation") response to the compliance audit finding noted by the Office of the State Auditor during its review of the Corporation for Fiscal Year 2018.

### Audit Finding:

Agency should ensure compliance with State Law over surety bond coverage.

### Response:

Mississippi Home Corporation did not obtain surety bond coverage for one board member for Fiscal Year 2018. However, Mississippi Home Corporation did obtain surety bond coverage for this board member during Fiscal Year 2019.

### Corrective Action Plan:

- A. Corrective Action: During Fiscal Year 2019, Mississippi Home Corporation did obtain surety bond coverage for this board member.
- B. Responsible Person: Debbie Purvis, Chief Financial Officer
- C. Anticipated Completion Date: Corrective Action Completed on June 12, 2019



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Scott Spivey, Executive Director