



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

April 12, 2019

Financial Audit Management Report

Gregory Michel, Executive Director
Mississippi Emergency Management Agency
P.O. Box 5644
Pearl, MS 39288

Dear Mr. Michel:

Enclosed for your review is the financial audit finding for the Mississippi Emergency Management Agency for the Fiscal Year 2018. In this finding, the Auditor's Office recommends the Mississippi Emergency Management Agency:

1. Strengthen controls over MAGIC segregation of duties, business role assignments and quarterly access review.

Please review the recommendation and submit a plan to implement it by May 10, 2019. The enclosed finding contains more information about our recommendation.

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

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 Mississippi Emergency Management Agency'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 Mississippi Emergency Management Agency'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.

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

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree".

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

FINANCIAL AUDIT MANAGEMENT REPORT

The Office of the State Auditor conducts the annual audit of the State of Mississippi's *Comprehensive Annual Financial Report* (CAFR), as compiled and prepared by the Department of Finance and Administration (DFA) for the fiscal year ended June 30, 2018. While OSA has not been engaged to audit your agency's financial accounting records and processes individually, we have been engaged by DFA to audit the State as a whole in accordance with Government Auditing Standards. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Internal Control over Financial Reporting

In planning and performing our audit of the State of Mississippi's CAFR, we considered the Mississippi Emergency Management Agency'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 opinion on these accounts, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Emergency Management Agency's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, identified in this letter as item 2018-029, that we consider to be a significant deficiency.

Finding and Recommendation

SIGNIFICANT DEFICIENCY

2018-029	<u>Controls Should be Strengthened over MAGIC Segregation of Duties, Business Role Assignments and Quarterly Security Certification Process</u>
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Repeat Finding	No
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Criteria	The <i>Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S.
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Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that a satisfactory control environment is only effective when control activities exist, such as proper segregation of duties. 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.

Additionally, the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual section 30.60.00 requires security roles in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) to be assigned to an employee based on his or her job duties, and that security roles be reviewed quarterly by agencies to ensure duties are properly segregated. The Department of Finance and Administration (DFA) issued the *MAGIC Roles and Definitions* policy document to inform agencies of roles that should be separated to reduce conflicts.

Condition The Mississippi Emergency Management Agency (MEMA) submitted certifications to the Department of Finance and Administration (DFA) quarterly during state fiscal year 2018 stating that it was in compliance with MAGIC security policies. Upon review of the security roles assigned, the agency had conflicts to assigned duties, as detailed below.

During our review of MAGIC security roles at MEMA during fiscal year 2018, we noted:

- Eight security role conflicts between accounts payable and accounts receivable functions;
- Two instances of roles assigned to MEMA personnel that are not allowed for the agency;
- Two instances in which roles were assigned to MEMA personnel without the required oversight roles being assigned;
- Two instances in which roles were still assigned to employees after their employment ended with the agency; and,
- Lack of effective review of information that was certified by agency.

Cause The agency did not properly review and monitor MAGIC security roles assigned to employees.

Effect Failure to properly segregate duties and limit user access among agency personnel increases the risk of misappropriation of assets, inappropriate changes to data or files, and unauthorized activity which can result in material misstatements of financial statements.

Recommendation We recommend the Mississippi Emergency Management Agency strengthen controls over MAGIC security access and ensure that roles are properly assigned, duties are segregated, and separated employees have their access removed in a timely manner.

End of Report



STATE OF MISSISSIPPI
PHIL BRYANT, GOVERNOR

MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

GREGORY S. MICHEL
EXECUTIVE DIRECTOR

Financial Audit Findings

May 13, 2019

Honorable Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0856

Dear Mr. White:

We have reviewed the audit findings below in reference to the Mississippi Emergency Management Agency 2018 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:

2018-029 Controls Should be Strengthened over MAGIC Segregation of Duties, Business Role Assignments and Quarterly Security Certification Process.

Response: The Mississippi Emergency Management Agency ("MEMA") is in agreement that controls should be strengthened concerning MAGIC security access and ensure that employee roles are properly assigned, duties are segregated and employees no longer with the Agency have their access removed timely.

Corrective

Action Plan: MEMA will be hiring additional staff to conduct internal controls reviews and to assist with entering Purchase Order documents and Payables. Dual roles had been assigned to certain employees in order to provide processing coverage for employees out on medical leave. MEMA requires approval at two levels for

Honorable Shad White, State Auditor
May 13, 2019
Page Two

Purchase Orders and Payable documents. While dual roles exist in MAGIC, the two level approval process was still followed as evidenced on paper documents with entry and approval personnel initials.

MEMA Support Services Accounting and Finance Bureau will work with DFA in validating MAGIC user roles and to ensure going forward no further conflicts exist in employee assigned roles in MAGIC.

The MEMA Support Services Office Director will communicate monthly with the MEMA Human Resources Department to identify employees that are no longer with the Agency. This will ensure that all terminated personnel with MAGIC access is removed in a more timely manner.

Our Agency would like to express the courtesy and professionalism demonstrated by Thomas Wirt and his field staff while conducting the audit. Should you have any questions regarding our response, corrective action or need further information, please do not hesitate to contact Crystal Thompson, Office Director, Office of Support Services at 601-933-6603.

Respectfully,



Gregory S. Michel
Executive Director



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

May 23, 2019

Single Audit Management Report

Gregory Michel, Executive Director
Mississippi Emergency Management Agency
P.O. Box 5644
Pearl, MS 39288

Dear Mr. Michel:

Enclosed for your review are the single audit findings for the Mississippi Emergency Management Agency for Fiscal Year 2018. In these findings, the Auditor's Office recommends the Mississippi Emergency Management Agency:

Single Audit Findings:

1. Strengthen controls to ensure compliance with federal revenue draw requirements of the Hazard Mitigation Grant (HMGP) program;
2. Strengthen controls over subrecipient monitoring of OMB Uniform Guidance audits; and,
3. Strengthen controls over the preparation of required federal financial reports for HMGP.

Please review the recommendations and submit a plan to implement them by June 6, 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.

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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Emergency Management Agency throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,


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

Enclosures

SINGLE AUDIT FINDINGS

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of the State's major federal program administered by the Mississippi Emergency Management Agency for the year ended June 30, 2018. The Office of the State Auditor's staff members participating in this engagement included Thomas Wirt, CPA, Virginia Anderson and Phillip Chu, CPA.

Our procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Report on Compliance for Each Major Federal Program

We have audited the Mississippi Emergency Management Agency's compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on the federal program selected for audit that is administered by the Mississippi Emergency Management Agency for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 General of the United States; and Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles and Audit Requirements* (Uniform Guidance). Those standards and Uniform Guidance require that we 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 Mississippi Emergency Management Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. However, our audit does not provide a legal determination of the Mississippi Emergency Management Agency's compliance.

Results of Compliance Audit Procedures

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported by OMB Uniform Guidance and which are identified in this letter as items 2018-054, 2018-055 and 2018-056.

Internal Control over Compliance

Management of the Mississippi Emergency Management Agency 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 considered the Mississippi Emergency Management Agency's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 controls over compliance in accordance with OMB 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 Mississippi Emergency Management Agency's internal control over compliance.

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 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 consider the deficiencies in internal control over compliance identified in this letter as items 2018-054 and 2018-055 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 deficiency in internal control over compliance identified in this letter as item 2018-056 to be a significant deficiency.

Findings and Recommendations

CASH MANAGEMENT

Material Weakness

Material Noncompliance

2018-054	<u>Controls Should Be Strengthened to Ensure Compliance with Federal Revenue Draw Requirements.</u>
CFDA Number	97.039 – Hazard Mitigation Grant Program
Federal Award No.	DR-MS-1604 DR-MS-4175
Federal Agency	U.S Department of Homeland Security
Pass-through Entity	U.S Department of Homeland Security
Questioned Costs	None
Criteria	<i>The Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities exist, such as proper segregation of duties. 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. The Mississippi Emergency Management Agency's (MEMA) State Administrative Plans for the Hazard Mitigation Program state that federal funds will be disbursed from the Federal Payment Management System (PMS) after approved by the MEMA Director/Governor's Authorized Representative.

The *Code of Federal Regulations* (31 CFR 205.33) requires the State to minimize time between the drawdown of federal funds and the disbursement for federal program purposes. The timing and amount of funds transferred must be as close as administratively feasible to a State's actual cash outlay.

Section 22.40.10 of the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual lists the major provisions of the Cash Management Improvement Act (CMIA), including that State and Federal agencies must minimize the time elapsing between the transfers of federal funds to States. The MAAPP manual defines reimbursable funding as federal funds requested based on actual amounts already paid by the State for federal program purposes.

Condition	<p>During test work performed over 50 federal revenue draws for the Hazard Mitigation Grant Program (HMGP), auditor noted the following:</p> <ul style="list-style-type: none">• Four instances in which the draw from PMS was not approved by executive management at MEMA, as required by the agency's policies and procedures.• One instance of an expenditure paid after the date of the federal draw from PMS. The State must first expend monies prior to reimbursement for basic program expenditures of HMGP.• While reconciling the population of federal revenue for completeness, it was noted \$1,815,316 in administrative costs for Disaster Grant 1604 Katrina and \$140,872 in administrative costs for Disaster Grant 4175 Severe Storms, for a total of \$1,956,188, were not drawn down for reimbursement during fiscal year 2018 or accrued.
Cause	<p>Staff were either unaware or did not follow identified policies and procedures over cash management. The agency does not have adequate procedures in place to ensure administrative costs are reimbursed in a timely manner.</p>
Effect	<p>Lack of executive review and approval for reimbursements could allow for improper draws on federal funds. In addition, untimely payment of funds drawn on a reimbursement basis for a federally funded program may result in interest liability for the agency. Lastly, delayed requests of federal funds may result in a liability for the federal government and could be disallowed in the future due to draw limits.</p>
Recommendation	<p>We recommend the Mississippi Emergency Management Agency strengthen controls to ensure compliance with cash management requirements.</p>
Repeat Finding	<p>No</p>
Statistically Valid	<p>The sample is considered statistically valid.</p>

SUBRECIPIENT MONITORING

Material Weakness

Material Noncompliance

2018-055 Controls Should be Strengthened to Ensure Compliance over Subrecipient Monitoring of OMB Uniform Guidance Audits.

CFDA Number 97.039 – Hazard Mitigation Grant Program

Federal Award No.	DR-MS-1604	DR-MS-1916
	DR-MS-1972	DR-MS-1983
	DR-MS-4081	DR-MS-4101
	DR-MS-4175	

Federal Agency U.S Department of Homeland Security

Pass-through Entity U.S Department of Homeland Security

Questioned Costs None

Criteria The Office of Management and Budget (OMB) Uniform Guidance states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 or more in federal awards during their fiscal year have met the audit requirements of OMB Uniform Guidance 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 Mississippi Emergency Management Agency (MEMA), we reviewed the agency's audit files and audit tracking log for federal fiscal year 2016. During our review, we noted the following instances:

- Of the 19 subgrantees tested, we noted 14 instances where the OMB Uniform Guidance audit report for the subgrantee was not received by MEMA within nine months of the subgrantee's fiscal year end. In seven instances where an audit was received, we noted that the OMB Uniform Guidance audit report was dated within the nine month period of the subgrantee's fiscal year end; however, seven instances were noted in which the audit report was not dated within nine months of the fiscal year end. Subgrantee audit reports were received on average 99 days after the nine month deadline.
 - Of the 14 reports received late, 12 instances were noted in which MEMA sent initial reminder letters with inaccurate due dates of the OMB Uniform Guidance audits.
- Of the 19 subgrantees tested, two instances were noted where the financial

audit report did not include an OMB Uniform Guidance audit report.

- Of the 19 subgrantees tested, one instance was noted in which a required OMG Uniform Guidance audit report was not submitted as of the date of our testwork.
- Of the 19 subgrantees tested, three instances were noted in which the Schedule of Federal Expenditures of Federal Awards (SEFA) in the audit report did not disclose federal expenditures received from MEMA. MEMA's management decision letter was not issued in a timely manner, and no corrected or revised audit report was submitted by subrecipient.
- Of the 19 subgrantees tested, six instances were noted in which large differences between amounts on MEMA's tracking document and the subrecipient's SEFA were not reconciled. Review of correspondence letters between MEMA and subrecipient did not provide justification for the material differences.

In addition, we noted the audit tracking log used in monitoring subrecipients for OMB Uniform Guidance audit requirements was incomplete. Based on inspection of MEMA's audit files, we noted 11 additional audit reports had been received and filed that were not recorded on the audit tracking log. Upon review of reports, five of the audit reports included a Schedule of Expenditures of Federal Awards (SEFA) in which the subrecipient had expended over \$750,000 of federal funds. No audit trail was available to denote that a review of the audit reports was performed by MEMA. Because the agency prepares the audit tracking log with subrecipients that received over \$750,000 from MEMA directly, subrecipients that received less than \$750,000 from MEMA but expended more than \$750,000 in total federal awards were not tracked on the audit log.

MEMA distributes a brochure to all applicants for federal funding which includes the Single Audit requirements. However, the brochure states a Single Audit is required if the subrecipient receive \$750,000 in federal funds from MEMA rather than \$750,000 in total federal funds from all awarding entities.

Cause	Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance.
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 Emergency Management Agency 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. In addition, we recommend internal policies and procedures be implemented over the audit tool used to monitor subrecipients to ensure completeness of subrecipients requiring Uniform Guidance audits.
Repeat Finding	No

Statistically Valid The sample is considered statistically valid.

REPORTING

Significant Deficiency *Immaterial Noncompliance*

2018-056 Controls Should be Strengthened to Ensure Compliance with Federal Reporting Requirements.

CFDA Number 97.039 – Hazard Mitigation Grant Program

Federal Award No. DR-MS-1604
DR-MS-4081
DR-MS-4175

Federal Agency U.S Department of Homeland Security

Pass-through Entity U.S Department of Homeland Security

Questioned Costs None

Criteria Office of Management and Budget (OMB) guidelines for compliance with the *Federal Financial Report* (SF-425) require amounts reported on the SF-425 to agree with accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards (Grant Schedule).

Form SF-425 instructions require the recipient share of actual cash disbursements or outlays to be reported.

Good internal controls over reporting require accurate and complete information to be properly submitted to the federal awarding agency.

Condition During testwork performed for the program specific reporting requirements of the HMGP program submitted with the SF-425 during fiscal year 2018, auditor noted the following:

- Cumulative cash receipts, cash disbursements, and federal share of expenditures are overstated by \$2,006,228 on the 6/30/2018 SF-425 report for Hurricane Katrina Disaster Grant 1604 compared to the 6/30/2018 Fund 5372U00000 Grant Schedule.
- Amounts reported on the SF-425 as recipient share of expenditures were not adequately supported with actual cash disbursements. The agency calculated estimates to report for the non-federal share of recipient expenditures. Per auditor's inquiry with the federal awarding agency, actual receipt share should be reported on the SF-425.

Cause Reconciliations are not properly performed between the programmatic division responsible for monitoring projects and accounting division responsible for

accounting records and reporting requirements. In addition, local shares are not being monitored and checked against records, rather estimates are calculated.

Effect

Amounts reported on the *Federal Financial Report* SF-425 are inaccurate and do not adhere to Federal Emergency Management Agency (FEMA) grant requirements and federal regulations. Inaccurate and incomplete information could result in de-obligation of federal funds.

Recommendation

We recommend the Mississippi Emergency Management Agency strengthen controls over the preparation and submission of required federal reports to ensure information reported is accurate and complete.

Repeat Finding

No

Statistically Valid

The sample is considered statistically valid.

End of Report



STATE OF MISSISSIPPI

PHIL BRYANT, GOVERNOR

MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

GREGORY S. MICHEL
EXECUTIVE DIRECTOR

Single Audit Findings

June 4, 2019

Honorable Shad White, State Auditor
Office of the State Auditor
State of Mississippi
Attn: Jason Ashley
P. O. Box 956
Jackson, MS 39205-0856

Dear Mr. White:

We have reviewed the audit findings below in reference to the Mississippi Emergency Management Agency 2018 fiscal year audit. Listed below is our individual response and plan for corrective action:

Finding:

CASH MANAGEMENT

2018-054 Controls Should Be Strengthened to Ensure Compliance with Federal Revenue Draw Requirements.

CFDA Number 97.039 – Hazard Mitigation Grant Program

Federal Award No. DR-MS-1604; DR-MS-4175

Federal Agency U.S Department of Homeland Security

Response: Concur

Corrective Action Plan:

1. Payments and draw requests from the programmatic office must include all backup – including but not limited to, payment requests, receipts, etc. The programmatic office must also provide a breakdown as to how the payment was calculated and what the payment represents. Support Services will provide an email response to the

requestor when the payment is complete. This same process will apply for draws. Draws for Subrecipient payment reimbursements will be done individually after the payment is processed.

2. Draws for administrative costs will be processed monthly. A breakdown detailing the calculation must be submitted each month by the programmatic office. Support Services will provide the email response to the requestor when the draw is complete.
3. All payments and draws must be made, approved and processed in a consistent and timely manner. All backup with detail must be provided by the programmatic office. The Support Services Grants division will verify all proper documentation is attached to the request and that the request is signed by the proper chain of command prior to any payment or draw being processed.

Finding:

SUBRECIPIENT MONITORING

2018-055 Controls Should be Strengthened to Ensure Compliance over Subrecipient Monitoring of OMB Uniform Guidance Audits.

CFDA Number 97.039 – Hazard Mitigation Grant Program

Federal Award No. DR-MS-1604 DR-MS-1916
 DR-MS-1972 DR-MS-1983
 DR-MS-4081 DR-MS-4101
 DR-MS-4175

Federal Agency U.S Department of Homeland Security

Response: Concur

Corrective Action Plan:

It is our understanding and agreement that this area of financial management and compliance be rewritten and managed differently. This will include payments to all subrecipients given by any Office within the Agency. Better and more organized records will be kept as a part of the new Single Audit Procedures that will be implemented. Procedures will ensure all letters and receipts of documents are sent and received timely and in compliance with 2 CFR. Extensions and grace periods will not be allowed outside of federal regulations.

Audit reports will be reviewed for certain required information as they are received. Any received audit that does not comply with the required information will be sent back and documented.

New Policies and Procedures will be written for Single Audits and will be monitored by the Office of Support Services. Support Services will work with all offices within the

Agency to ensure the correct data is captured and will review all documents that are sent out addressing Single Audit requirements.

Finding:

REPORTING

2018-056 Controls Should be Strengthened to Ensure Compliance with Federal Reporting Requirements.
CFDA Number 97.039 – Hazard Mitigation Grant Program
Federal Award No. DR-MS-1604, DR-MS-4081, DR-MS-4175
Federal Agency U.S Department of Homeland Security

Response: Concur.

Corrective Action Plan:

1. The cumulative amount on the Grant Schedule for Fund 5372U was overstated for fiscal years 2017 and 2018. In 2017, the numbers were incorrectly added to the grant schedule provided for Fund 5372U. This error was not caught and therefore was carried forward in the reporting for the fiscal year 2018. All fiscal reporting will be verified by line and column and not just carried forward from the prior year as to eliminate any errors from the prior fiscal year rolling forward.
2. Supporting documentation is housed in the individual programmatic offices and on their participant websites. New procedures requiring more detailed documentation will be implemented and the programmatic offices will provide reports to the Support Services Grants Division at the end of each quarter for verification and reporting on quarterly 425s.

Our Agency intends to implement changes in all areas within the Agency that are affected by the findings of this audit. We would like to express our thanks for the courtesy and professionalism demonstrated by Thomas Wirt and his field staff while conducting the audit. Should you have any questions regarding our response, corrective action or need further information, please do not hesitate to contact Crystal Thompson, Director, Office of Support Services at 601-933-6603.

Respectfully,



Gregory S. Michel
Executive Director