



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

July 10, 2017

Limited Internal Control and Compliance Review Management Report

Kelly Hardwick, Executive Director
Mississippi State Personnel Board
210 East Capitol Street
Suite 800 Regions Plaza
Jackson, Mississippi 39201

Dear Mr. Hardwick:

Enclosed for your review is the Limited Internal Control and Compliance Review Finding for the Mississippi State Personnel Board for the Fiscal Year 2016. In this finding, the Auditor's Office recommends the Mississippi State Personnel Board record cash receipts in agency records and transfer funds to the state treasury timely.

Please review the recommendation and submit a plan to implement by July 24, 2017. 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.

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

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

Sincerely,

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

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

The Office of the State Auditor has completed its limited internal control and compliance review of the Mississippi State Personnel Board for the year ended June 30, 2016. The Office of the State Auditor's staff members participating in this engagement included Thomas Wirt, CPA, Lee Alford, Rick Kinnard, Katherine Landrum, CPA and Josh Winsley.

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 Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

In performing our review, we noted a certain instance of noncompliance that required the attention of management. This matter is noted under the heading **INSTANCE OF NONCOMPLIANCE WITH STATE LAW**.

INSTANCE OF NONCOMPLIANCE WITH STATE LAW

Finding: Cash Receipts Should Be Properly Recorded in Agency Records and Timely Transferred to the State Treasury

Executive Summary: Multiple instances were noted in which receipts collected at the agency were not transferred timely to the state treasury. In addition, an instance was noted in which a receipt was not recorded in the agency's records. State law dictates the time period allowable for agencies to transfer collections to the state treasury. Good internal controls dictate all receipts should be accurately recorded as soon as received.

Recommendation: We recommend the Mississippi State Personnel Board make timely transfers of funds to the state treasury. In addition, we recommend the agency maintain a check log of all receipts collected and compare the log to deposits made into the state treasury.

Finding Detail: Section 7-9-21, Miss. Code Ann (1972) requires agencies to deposit funds into the state treasury by the end of the next business day following the date of collection. Good internal controls require an agency to maintain a check log for receipts collected. The check log should be verified and agreed to deposits made into the state treasury.

During our review of 20 cash receipts, we noted five instances in which the agency did not make deposits to the state treasury in a timely manner. These deposits were made to the state treasury between 18 to 54 working days after the funds were received by the agency. Failure to make timely transfers to the state treasury may result in the loss of investment earnings and increases the risk of theft and/or misplacements of funds while held at the agency level. In addition, we noted one instance in which a receipt was not recorded on the agency's receipts log. Failure to document cash receipts in a check log could lead to lost or misappropriated assets.

End of Report