



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

June 11, 2021

**Single Audit Management Report**

Stephen McCraney, Executive Director  
Mississippi Emergency Management Agency  
P.O. Box 5644  
Pearl, MS 39288

Dear Mr. McCraney:

Enclosed for your review are the single audit findings for the Mississippi Emergency Management Agency for Fiscal Year 2020. In these findings, the Auditor's Office recommends the Mississippi Emergency Management Agency:

1. Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

Please review the recommendations and submit a plan to implement them by June 25, 2021. 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,

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

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, 2020. The Office of the State Auditor's staff members participating in this engagement included Thomas Wirt, CPA; Virginia Anderson; Brooke Seals; and Brianna Dang.

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, 2020.

### **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 item 2020-023.

### **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.

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

*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 significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance 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 2020-023 to be a significant deficiency.

## **Findings and Recommendations**

### **SUBRECIPIENT MONITORING**

#### ***Significant Deficiency***

#### ***Immaterial Noncompliance***

**2020-023**                      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

**CFDA Number**            97.036 – Disaster Grants – Public Assistance Program

<b>Federal Award No.</b>	DR-MS-1604	DR-MS-4081	DR-MS-4314
	DR-MS-4175	DR-MS-4295	DR-MS-4101
	DR-MS-4350	DR-MS-1794	
	DR-MS-4248	DR-MS-4268	

**Federal Agency**            U.S Department of Homeland Security

**Pass-through Entity**    N/A

**Questioned Costs**        None.

**Criteria**                      *Code of Federal Regulations (2 CFR §200.331(f))* states all pass-through entities must verify that every subrecipient is audited as required by Subpart F - Audit Requirements when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501.

*Code of Federal Regulations (2 CFR §200.501)* states that a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit.

<b>Condition</b>	<p>During our audit of the Mississippi Emergency Management Agency (MEMA), we reviewed the agency's process for monitoring their subrecipients' audit requirements. Based on inquiry with agency management and review of the agency's tracking log, MEMA did not ensure subrecipients were audited as required by federal regulations, nor did the agency timely review audit reports received from subrecipients to ensure compliance with audit requirements in the <i>Code of Federal Regulations (2 CFR 200 Subpart F)</i> during state fiscal year 2020. Additionally, we noted the following exceptions:</p> <ul style="list-style-type: none"><li>• The agency's tracking log for subrecipients' fiscal year 2018 audit reports was not completed timely. The log was compiled and review began after fiscal year end due date.</li><li>• The tracking log consisted of 21 subrecipients, of which six audit reports were not received, and there was no correspondence on file for the subrecipients that had not submitted an audit report.</li><li>• The audit reports that were received were not reviewed and findings were not cleared timely.</li></ul>
<b>Cause</b>	<p>The agency has not fully implemented the corrective action plan from the prior year finding over subrecipient monitoring.</p>
<b>Effect</b>	<p>Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Emergency Management Agency strengthen controls over subrecipient monitoring to ensure recipients expending \$750,000 or more in federal funds during their fiscal year are appropriately monitored and an audit is obtained.</p>
<b>Repeat Finding</b>	<p>Yes – 2019-025</p>
<b>Statistically Valid</b>	<p>No.</p>

**End of Report**



# State of Mississippi

**TATE REEVES**

Governor

## MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

STEPHEN C. McCRAVEY  
EXECUTIVE DIRECTOR

### Single Audit Findings

June 24, 2021

Honorable Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
Attn: Jason Ashley  
P. O. Box 956  
Jackson, MS 39205-0956

Dear Mr. White:

We have reviewed the audit findings below in reference to the Mississippi Emergency Management Agency 2020 fiscal year audit. Listed below is our individual response and plan for corrective action:

### Findings:

#### SUBRECIPIENT MONITORING

**2020-023**                      Controls Should be Strengthened to Ensure Compliance over Subrecipient Monitoring of OMB Uniform Guidance Audits.

**CFDA Number**            97.036 – Disaster Grants – Public Assistance Program

<b>Federal Award No.</b>	DR-MS-1604	DR-MS-4081	DR-MS-4314
	DR-MS-4175	DR-MS-4295	DR-MS-4101
	DR-MS-4350	DR-MS-1794	
	DR-MS-4248	DR-MS-4268	

**Federal Agency**            U.S Department of Homeland Security

**Pass Through Entity** N/A

**Questioned Costs** None

**Response:** Concur

**Corrective Action Plan:**

The Agency was in the process of responding to the COVID-19 Pandemic. As the lead Agency for purchasing and procurement for the COVID-19 Pandemic, the Office of Support Services became very busy, very quickly. Staff was pulled in many directions to get items processed timely to respond properly to the pandemic while trying to maintain daily duties and requirements. The timing of the audit and the many disasters going on during the time period, we feel, contributed to the finding.

The Mississippi Emergency Management Agency is consistently updating and amending its processes to ensure compliance with the *Code of Federal Regulations* 2 CFR 200 Subpart F, audit requirements. The Agency is dedicated to building a stronger reporting and monitoring system for Single Audits. The Accounting and Finance Office will monitor and review all Single Audits.

The Mississippi Emergency Management Agency would like to express our thanks for the courtesy and professionalism demonstrated by Virginia Anderson 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, Chief Financial Officer, at 601-933-6603.

Respectfully,



Stephen C. McCraney  
Executive Director