



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
FINANCIAL STATEMENTS – GENERAL FUND
YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET	3
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUNDS BALANCE	4
NOTES TO FINANCIAL STATEMENTS	5
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12



INDEPENDENT AUDITORS' REPORT

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Mississippi Department of Health (MDH), as of and for the year ended June 30, 2021, and the related notes to the financial statements. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report (CAFR).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of MDH as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the general fund of the Mississippi Department of Health and do not purport to, and do not, present fairly the financial position of the Mississippi Department of Health, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Management has omitted the Management Discussion and Analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements are not affected by the missing information.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of MDH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MDH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDH's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 9, 2022

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
BALANCE SHEET
JUNE 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash in Banks	\$ 26,639,720
Equity in Funds	74,797,490
Account Receivable, Net	6,156,919
Inventory	10,326,955
Due From Other State Agencies	16,701,800
Due From Federal Agencies	63,553,626
Prepaid	<u>34,000</u>
Total Assets	<u><u>\$ 198,210,510</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Account Payable	\$ 21,900,291
Due to Component Units of the State of Mississippi	1,195,455
Due to Other State Agencies	5,227,344
Due to the Federal Governments	4,965,786
Unearned Federal Revenue	<u>4,040,545</u>
Total Liabilities	37,329,421
FUND BALANCES	
Fund Balance-Nonspendable	10,360,955
Fund Balance-Restricted	149,337,463
Fund Balance-Committed	855,829
Unassigned	<u>326,842</u>
Total Fund Balances	<u><u>160,881,089</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 198,210,510</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUNDS BALANCE
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>
REVENUES	
Covid 19 Medicaid	\$ 59,862,195
Payments From Medicaid	10,379,520
Federal Grants	234,108,712
Assessments and Fees	13,720,979
Charges For Services	30,540,102
Licenses and Permits	28,172,544
Interest Income	226,240
Miscellaneous Revenue	1,760,690
Total Revenues	<u>378,770,982</u>
EXPENDITURES	
Commodities	205,432,906
Salaries and Benefits	119,373,310
Contractual Services	90,615,467
Grantor Pay Nontax	79,227,613
Administrative Costs	16,210,129
Payments to IT	2,918,008
Travel Expense	4,207,754
Miscellaneous Expense	12,122,605
Total Expenditures	<u>530,107,792</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(151,336,810)
OTHER FINANCING SOURCES (USES)	
Transfer In	173,177,014
Transfer Out	(11,290,061)
Total Other Financing Sources (Uses)	<u>161,886,953</u>
NET CHANGE IN FUND BALANCES	10,550,143
Fund Balances - Beginning of Year	<u>150,330,946</u>
FUND BLANCES - END OF YEAR	<u><u>\$ 160,881,089</u></u>

See accompanying Notes to Financial Statements.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background Information

The Mississippi Department of Health (MDH) was established to protect and advance health throughout Mississippi. The major operations of the agency include disease surveillance, environmental protection, disease and injury prevention, standards of care, immunizations, keeping you safe in emergencies, providing you with information, comprehensive reproductive health, women, infants and children, licenses and records, and social services.

MDH is a state agency included in the State of Mississippi's Comprehensive Annual Financial Report.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). These financial statements do not constitute a complete presentation because they do not present the government-wide financial statements, reconciliations to the government-wide financial statements, management's discussion and analysis, or budgetary information. These financial statement statements do not include funds 5331500000, 6330300000, 6331B00000, 6331C00000, 6330200000, 6332100000, 6332200000, and 6332300000.

Basis of Accounting/Measurement Focus

The financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are considered to be available when they are both measurable and available to finance expenditures of the current period. Management considers revenue to be available if collected within 60 days. Expenditures are recorded when a liability is incurred.

Fund Accounting

The financial activity of the general fund consists of various individual funds used to report financial position and changes in financial position. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Purpose of General Funds

The general fund of MDH includes the following sub-funds:

Fund 2230100000 – *DOH General Fund* is the state appropriated general fund used to record MDH's administrative expenses, cost share match for federal grants, and miscellaneous grant payments.

Fund 3330000000 – *Local Fund* is used to directly pay county activities from revenue collected at the local health department level and from county appropriations.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose of General Funds (Continued)

Fund 3330100000 – *Miscellaneous Fees* is used for the majority of all activities paid from self-generated revenues.

Fund 3330700000 – *Domestic Violence Fund* supports domestic violence victims and is received from court assessments.

Fund 3330800000 – *Mississippi Burn Care* fund is used to receive revenue from individual income taxes, auto privilege and tag fees, and donations. The revenue is used to help cover uncompensated burn care for Mississippi burn care patients.

Fund 3331000000 – *Mississippi Trauma Care Escrow Fund* is supported by license plate fees and point-of-sale fees on motorcycles, ATV's, and personal watercraft. In addition, hospitals non-participation fees also provide funding. The funds are used to cover administration expenses of the MDH trauma centers and ambulance districts.

Fund 3331200000 – *MSDH Medical Marijuana* fund is used for activities related to the State's Medical Marijuana program.

Fund 5331400000 – *Health Grant Funds* supports federal activities and other non-federal grants.

Fund 5820130100 – *MSDH COVID-19* is used for federal grants received related to COVID-19.

Fund 6230500000 – *MSDH Health Care Expendable* is used for activities related to the Health Care Expendable funds appropriated by the State legislature each fiscal year.

Fund 6530600000 – *Tobacco Settlement* fund is used for activities related to the Tobacco Control funds appropriate by the State legislature each year.

Fund 6820130100 – *MSDH CARES Act* is used to reimburse hospitals for their necessary and other medical providers for necessary expenditures incurred due to the COVID-19 public health emergency.

Fund 6820130200 – *MSDH ICU Fund* is used for establishing and administering the ICU Infrastructure Program for the purpose of providing funds to hospitals to increase treatment capacity related to COVID-19.

Fund 6830130300 – *MSDH Specialty Hospitals* fund is used to reimburse Mississippi licensed specialty hospitals for their necessary expenditures incurred due to the COVID-19 public health emergency.

Fund 8830100000 – *Boswell Memorial* is a bank account at Regions and Community Bank for funds donated to the agency by Henry Boswell years ago to support tuberculosis activities.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose of General Funds (Continued)

Fund 8830130100 – *MSDH eWIC EBT* is a bank account at Trustmark National Bank used for the WIC EBT clearing house activities.

Cash and Cash Equivalents

Cash and cash equivalents are defined as demand deposit accounts and equity in State Treasury Funds. Equity in State Treasury Funds consists of pooled cash held by the Treasurer of the State of Mississippi.

Deposits not held with the State Treasury had a carrying amount of \$26,626,815 at June 30, 2021. Cash on hand totaled \$12,905 on June 30, 2021.

Custodial risk is the risk that in the event of bank failure, a government's deposits may not be returned. MDHs' deposit policy for protection of custodial risk is handled under a statewide collateral program. The collateral for public entities' deposits in financial institutions is held by the depository bank in the name of the State Treasurer under a program established by the State of Mississippi Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). This program establishes the requirements for a financial institution to be approved as a qualified public funds depository. Generally, financial institutions make annual application to the State Treasurer for state funds by signing a contract and supplying the financial report as provided to its regulatory authority to assure the statutory required 5.5% primary capital to total assets ratio. When so approved by the State Treasurer, the financial institution is required to place on deposit with the State Treasurer collateral equal to at least 105% of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). All bank deposits were maintained in collateralized accounts or covered by federal depository insurance and were not exposed to custodial credit risk.

Accounts Receivable

Accounts receivable consist of amounts billed for patient services in which the revenue is earned but not received by June 30, 2021. Accounts receivable is reported net of allowances for uncollectible accounts, where applicable. The allowance for uncollectible accounts was \$312,083 at June 30, 2021.

Inventories

Inventory, consisting of prescription medication and food, is valued at are valued using the average cost method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. As of June 30, 2021, inventory consisted of the following:

Food Inventory	\$ 7,559,375
Prescription Drug Inventory	2,767,580
Total Inventory	<u>\$ 10,326,955</u>

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue represents grant revenue received prior to all eligibility requirements being met. Unearned revenue is reported as a liability until the eligibility requirements are met.

Fund Balances – Governmental Funds

MDH presents defined fund balance categories to demonstrate the nature and extent of the constraint placed on fund balances. The classifications are based on the following methodology:

Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that may only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – This classification includes amounts that can be used only for the specific purposes determined by enabling legislations by the State legislature.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amount had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MDH considers restricted resources to have been spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, MDH considers committed, assigned, and unassigned amounts to have been spent in that order.

Revenue Recognition

Charges for patient services, fines, fees, permits and assessments are charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by MDH.

Grant revenue is recognized when the related liability or expenditure is incurred. Other revenues in the funds are generally recognized when the revenue is received or appropriated by the State of Mississippi Legislature.

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Account Classifications

The account classifications used in the financial statements conform to the classifications recommended in *Governmental Accounting, Auditing and Financial Reporting*, as issued by the Government Finance Officers Association.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires MDH to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and other changes in fund balances during the period. Actual results could differ from those estimates.

NOTE 2 INTERFUND TRANSFERS

Interfund transfers received from other funds are reported as Other Financing Sources rather than revenue, and interfund transfers sent to other funds are recorded as Other Financing Uses. Transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures of the disbursing fund.

As of June 30, 2021, Fund transfers in consisted of:

	<u>Transfers In</u>
Department of Highway Safety and Division of Medicaid	\$ 12,825,894
Office of State Treasurer	31,179,863
Office of State Treasurer Appropriated Funds	45,070,976
Office of State Treasurer House Bill 1782 Covid Appropriations	83,891,143
Mississippi Department of Employment Services	209,138
Total Transfers In	<u>\$ 173,177,014</u>

As of June 30, 2021, Fund transfers out consisted of:

	<u>Transfers Out</u>
Attorney General's Office, Mississippi Emergency Management Agency and Mississippi Department of Employment Security	\$ (258,293)
Department of Education School Nurse Intervention Program	(3,386,440)
Mississippi Department of Finance and Administration - State Wide Cost Allocation Plan	(1,282,670)
Mississippi Division of Medicaid	(1,295,102)
Office of the State Treasurer - Tobacco Control Fund Payments	(3,740,000)
Office of the State Treasurer - Unused CARES Act Funds	(1,327,556)
Total Transfers Out	<u>\$ (11,290,061)</u>

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DUE TO AND DUE FROM

Due from and due to balances are amounts due from and to the other departments and agencies within the State of Mississippi and state granting agencies. All amounts due to MDH are expected to be collected in fiscal year 2023.

As of June 30, 2021, due from consisted of the following:

	<u>Due From</u>
Due From Federal Agencies	
U.S. Department of Health and Human Services and Other Federal Agencies	\$ 63,553,626
Due From Other State Agencies	
Mississippi Division of Medicaid	16,489,781
Mississippi Department of Mental Health	87,297
Mississippi Department of Highway Safety	124,722
Total	<u>16,701,800</u>
Total Due From	<u>\$ 80,255,426</u>

As of June 30, 2021, due to consisted of the following:

	<u>Due To</u>
Due to the Federal Governments	
Due to U.S. Department of Treasury	\$ 4,965,786
Due to Other State Agencies	
Mississippi Attorney General's Office	244,144
Mississippi Bureau of Narcotics	20,777
Mississippi Division of Medicaid	3,799,047
Mississippi Emergency Management Agency	73,714
Other Mississippi Agencies	1,089,662
Total	<u>5,227,344</u>
Due to Component Units of the State of Mississippi	
Mississippi Institute of Higher Learning	905,056
University of Mississippi Medical Center	290,399
Total	<u>1,195,455</u>
Total Due To	<u>\$ 11,388,585</u>

**STATE OF MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 CONTINGENCIES AND COMMITMENTS

Federal Grants

MDH receives 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 the grant agreement and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance of program uses of funds may be a liability of MDH's.

Litigation

MDH is party to various legal proceedings that arise in the normal course of governmental operations. If an unfavorable outcome of the litigation is determined to be likely and probable, MDH will record a liability to reflect the estimated outcome of the litigation.

NOTE 5 RETIREMENT PLAN

MDH contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1- 800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the Agency is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. As of June 30, 2021, MDH contributed \$14,121,533 to PERS for the funds included in these financial statements.



**INDEPENDENT AUDITORS' 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**

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, 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 general fund of the Mississippi Department of Health (MDH) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated February 9, 2022, which contained an unmodified opinion with an Other Matter paragraph regarding the omission of management's discussion and analysis. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDH's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDH's internal control. Accordingly, we do not express an opinion on the effectiveness of MDH'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDH's financial statements are free from material misstatement, we 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results of that testing, and not to provide an opinion on the effectiveness of MDH's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDH's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
February 9, 2022

**REPORTS ON FEDERAL PROGRAMS OF THE
MISSISSIPPI DEPARTMENT OF HEALTH
SELECTED BY THE
OFFICE OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**FEDERAL PROGRAMS OF THE MISSISSIPPI DEPARTMENT OF HEALTH
SELECTED BY THE OFFICE OF THE STATE AUDITOR
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR	3
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR	8
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10



**INDEPENDENT AUDITORS' 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**

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, 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 funds of the Mississippi Department of Health (MDH), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2022, which was unmodified for the selected funds. These financial statements will be consolidated into the State of Mississippi's Annual Comprehensive Financial Report (ACFR).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDH'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 MDH's internal control. Accordingly, we do not express an opinion on the effectiveness of MDH'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDH's financial statements are free from material misstatement, we 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 MDH's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDH's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
February 9, 2022



**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS
SELECTED BY THE OFFICE OF THE STATE AUDITOR**

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards for programs selected by the Office of the State Auditor for those programs of the Mississippi Department of Health (MDH), for the year ended June 30, 2021, and the notes (the financial statement).

Management's Responsibility for the Schedule of Expenditures of Federal Awards Programs Selected for Audit.

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 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 plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards for the programs selected by the Office of the State Auditor of MDH for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 14, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE
AUDITOR AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on Compliance for Each Major Federal Program Selected by the Office of the State Auditor

We have audited Mississippi Department of Health's (MDH) 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 major federal programs selected by the Office of the State Auditor for the year ended June 30, 2021. MDH's major federal programs, as selected by the Office of the State Auditor, are identified in the summary of auditors' 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 the federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MDH's major federal programs selected by the Office of the State Auditor 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 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 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 MDH's major federal programs selected by the Office of the State Auditor compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the MDH's major federal programs selected by the Office of the State Auditor. However, our audit does not provide a legal determination of MDH's major federal programs selected by the Office of the State Auditor compliance.

Opinion on Each Major Federal Programs

In our opinion, MDH major federal programs selected by the Office of the State Auditor, 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 auditors' results section of the accompany schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major programs as selected by the Office of the State Auditor is not modified with respect to these matters.

MDH's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. MDH's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of MDH 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 MDH's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program selected by the Office of the State Auditor 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 selected by the Office of the State Auditor and to test and report on internal control over compliance in accordance with the 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 MDH'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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses and therefore, material weaknesses and significant deficiencies may exist that have not been identified. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Mississippi Department of Health
(A Department of the State of Mississippi)
Jackson, Mississippi

MDH's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. MDH's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 14, 2022

**MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE
OF THE STATE AUDITOR
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Cluster or Program Title	Assistance Listing Number	Grant Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
		16165MS704W5003		
		20195MS700704		
		16165MS704W5003		
		202020WI		
		17175MS704W1006		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	17175MS704W1003	\$ -	\$ 80,969,050
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	-	6,780,847
Total U.S. Department of Agriculture			-	87,749,897
U.S. Centers for Disease Control and Prevention				
		6NH23IP000790-05-00		
		6NH23IP000790-05		
		1NH23IP922605-01-00		
		1nh23ip922605-01		
		5NH23IP922605-02-02		
Immunization Cooperative Agreements	93.268	5NH23IP922605-02	-	47,410,599
		6NH23IP922605-01-02		
		6NH23IP922605-02-05		
COVID-19 Immunization Cooperative Agreements	93.268	6NH23IP922605-02-02	-	6,455,405
		6NU50CK000414-04-05		
		6 NU50CK000550-02-00		
		6 NU50CK000550-02-03		
		6 NU50CK000550-02-05		
		1NU50CK000550-01-00		
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323	5NU50CK000550-02	47,056	1,716,162
		6 NH50CK000550-01-07		
		6 NH50CK000550-01-05		
		6 NU50CK000550-01-06		
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	6 NU50CK000550-02-07	601,904	41,099,581
Total U.S. Centers for Disease Control and Prevention			648,960	96,681,747
Total Federal Expenditures			\$ 648,960	\$ 184,431,644

**MISSISSIPPI DEPARTMENT OF HEALTH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR
JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards for Federal Programs Selected by the Office of the State Auditor includes the federal grant activity for federal programs reported in the schedule. These programs were selected for audit by the Office of the State Auditor and do not represent all of the federal expenditures of Mississippi Department of Health (MDH). The Schedule is presented on an accrual basis of accounting in accordance with *Generally Accepted Accounting Principles*.

The information in this Schedule is also presented in accordance with the 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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Expenditures of selected federal award grant funds are made for the purposes specified by the grantor, and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of MDH.

NOTE 2 INDIRECT COST

MDH did not elect to use the 10% de minimis cost rate for indirect costs.

NOTE 3 NONMONETARY ASSISTANCE

MDH's Cooperative Immunization Grants (Assistance Listing Number 93.628) is the recipient of federal financial assistance programs. Nonmonetary federal assistance, such as immunizations, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. The total amount of nonmonetary assistance included in the schedule of expenditures of federal awards is \$44,180,676.

**MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

 X yes _____ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 X yes _____ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
93.268	Immunization Cooperative Agreements	Unmodified
93.323	Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	Unmodified

**MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

2021-001	FFATA reporting
CFDA Number	93.323
Federal Award	All grant awards related to the major programs
Federal Agency	Centers for Disease Control and Prevention
Pass-through Entity	N/A
Questioned Costs	None
Criteria	<p>In conjunction with the Federal Funds Office (FFO) the Access and Eligibility Services (AES) Section coordinates the FFATA reporting process for the Aging Cluster at the Health and Human Services Commission (HHSC). Per 2 CFR 200.303, HHSC must establish and maintain effective internal controls over federal awards that provides reasonable assurance that they are managing federal awards in compliance with federal statutes, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.</p> <p>Under the requirements of the Federal Funding Accountability and Transparency Office (Pub. L. No. 109-282) as amended by Section 6202 of Public Law 110-252, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.</p>
Condition and Context	CLA determined testing 2 of the 4 subawardees who received >\$30,000 was required to have a statistically valid sample. The Epidemiology & Laboratory Capacity (ELC) program staff did not enter the FFATA reports. Therefore 2 out of 2 samples were unable to be tested.

**MISSISSIPPI DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Cause	ELC program staff were unaware of FFATA reporting requirements.
Effect	Submitting FFATA reports is mandatory so that FSRS has accurate information. Failure to submit reports could result in losing grants due to noncompliance.
Recommendation	CLA recommends the Mississippi Department of Health train program staff on reporting requirements and institute procedures for timely review and submission of FFATA reports.
Repeat Finding	No
Statistically Valid	Yes
Views of Responsible Officials	Management agrees with the finding and will make the program staff aware of the FFATA reporting requirements.



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

October 27, 2022

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

Dear Mr. White:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2021 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:

CFDA Number: 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Requirement: Reporting

2021-033 The Mississippi State Department of Health Should Strengthen Controls to Ensure Compliance with Reporting Requirements

Response: The agency concurs with the finding.

Corrective Action: The program area this grant falls under will identify staff responsible for submitting the Federal Funding Accountability and Transparency Act (FFATA) reports. In addition, they will develop internal policies and procedures for the FFATA process.

Name of contact person responsible for corrective action: Melody Winston

Anticipated completion date of corrective action: December 2022

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,

DocuSigned by:

Daniel Edney, MD

C1E0259FEE6A424...
Daniel Edney, MD, FACP, FASAM
State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, MS 39215-1700
601-576-8090 • 1-866-HLTHY4U • www.HealthyMS.com

Equal Opportunity in Employment/Services