



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

February 25, 2022

Financial Audit Management Report

Robert Anderson, Executive Director
Mississippi Department of Human Services
200 South Lamar St.
Jackson, MS 39201

Dear Mr. Anderson:

Enclosed for your review is the financial audit finding for the Mississippi Department of Human Services for the Fiscal Year 2021. In this finding, the Auditor's Office recommends the Mississippi Department of Human Services:

1. Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.

Please review the recommendation and submit a plan to implement it by March 4, 2022. 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 Department of Human Services' 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 Department of Human Services' 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 Department of Human Services to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Human Services 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 has completed its audit of selected accounts included on the financial statements of the Mississippi Department of Human Services for the year ended June 30, 2021. These financial statements will be consolidated into the State of Mississippi's *Annual Comprehensive Financial Report*. We conducted our 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 selected accounts included on the financial statements of the Department of Human Services as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Mississippi Department of Human Services' 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 Department of Human Services' 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. However, we identified a deficiency in internal control, identified in this letter as item **2021-001** that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Department of Human Services are free of 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*.

Finding and Recommendation

MATERIAL WEAKNESS

2021-001 Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.

Repeat Finding Yes, 2020-008.

Criteria The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

The Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 27.30.05 states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.

MAAPP manual Section 30.20.10 states, "While each state employee has personal responsibility for maintaining internal controls, the agency head is ultimately responsible and must assume ownership for internal control. All agency management must support the agency's internal control philosophy, promote compliance, and maintain control within their areas of responsibility. Chief financial officers have key oversight and policy enforcement roles over fiscal matters. Other agency managers may hold lead responsibility for compliance with non-financial aspects of laws, directives, policies, procedures, and the code of ethics ... Agencies are to maintain adequate written documentation for activities conducted in connection with risk assessments, internal control reviews, and follow-up actions. This documentation is to be available for review by agency management, the Office of State Auditor, and DFA."

Condition The Mississippi Department of Human Services (MDHS) operates by dividing daily operations into different departments with different functions. During the audit for FYE June 30, 2021, we noted that the different departments do not communicate and exchange information. For example, the Grant Schedule is created using information for the state fiscal end. These accruals and expenditures are not reconciled with the TANF Programmatic Division's federal fiscal year end reporting. The agency does not have in place any overarching policies to ensure the integrity and accuracy of information between divisions. Additionally, policies and procedures in Budgets and Account and Grants Management divisions are often unwritten or out of date. Lastly, the auditor noted that MDHS does not maintain written policies and procedures over the review and approval of the Federal Subgrant Activity Schedule. In the aggregate, these instances result in a material weakness in the agency's overall control environment. Examples of these errors include:

- Two instances in which the amounts recorded as "Passed to Subrecipients" were coded to the incorrect CFDA number on the Schedule of Federal Grant Activity.
- 19 instances in which amounts recorded as amounts passed to sub-grantees on the Federal Subgrant Activity Schedule (form 27.30.30) did not agree to

amounts recorded as “amounts passed to subrecipients” on the Schedule of Federal Grant Activity.

- 96 instances in which amounts recorded as “Current Year Subgrant Federal Expenditures” on the Federal Subgrant Activity Schedule (form 27.30.70) did not agree to supporting documentation as provided by the agency.
- 147 instances in which the amounts recorded as “Paid to Sub-grantee” per the Federal Subgrant Activity Schedule (form 27.30.70) did not agree to amounts reported on the KOB1 report (Internal Order Report) within the Mississippi Accountability System for Government Information and Collaboration (MAGIC).

| | |
|-----------------------|---|
| Cause | MDHS did not possess or enforce proper internal controls structures over financial reporting. Additionally, management has not enforced a commitment to competence at the agency, and has allowed multiple errors in financial reporting to remain undetected by agency personnel. Lack of written policies has contributed to agency personnel not performing adequate reviews over financial information. Lastly, different departments within the agency do not communicate and reconcile accounting information between them to verify the accuracy of that reported information. |
| Effect | Without proper internal control structures over financial reporting, erroneous financial statements and corresponding schedules could be compiled, resulting in a misrepresentation of the financial standing of the Mississippi Department of Human Services. |
| Recommendation | We recommend management at the Department of Human Services evaluate internal control procedures over the review and approval of GAAP Packet information and the Federal Sub-Grant Activity Schedule. Additionally, we recommend existing staff obtain the needed training to be able to accurately report and review financial information, and the agency develop overarching policies aimed at ensuring communication about and reconciliation of financial statement information in performed regularly. |

End of Report

FINANCIAL AUDIT FINDINGS

Hon. Shad White, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, Mississippi 39205-0956

March 4, 2022

Dear Mr. White:

Enclosed for your review is the agency's official response to the financial audit findings as defined in the Mississippi Department of Human Services (MDHS) Fiscal Year 2021 Financial Audit Management Report, along with the corrective action plan that is to be implemented.

FINANCIAL AUDIT FINDING:

2021-001 **Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.**

MDHS Response: MDHS agrees that controls should be strengthened to ensure proper review processes for financial reporting.

Corrective Action Plan:

MDHS acknowledges weaknesses in some of its controls regarding the review and submission of its GAAP packet. MDHS will develop and implement written policy and procedure over the review and approval of the Federal Subgrant Activity Schedule. MDHS will work to increase the communication within Budgets and Accounting, implement further levels of review, and reach out to our cognizant agency for Subgrant Federal Activity Schedule training for staff. •

In the instances in which amounts were recorded and coded to the incorrect CFDA number, the instances in which amounts recorded as "amounts passed to sub-grantees" did not agree to amounts recorded as "amounts passed to subrecipients" and the instances in which the amounts recorded as "Paid to Sub-grantee" did not agree to amounts reported on the KOB1 report, MDHS recognizes the errors. MDHS will put in place the necessary internal procedures to ensure that accurate information is included in future reports.

Additionally, as it relates to supporting documentation not agreeing with the Federal Subgrant Activity Schedule, MDHS agrees that the documentation submitted was insufficient. MDHS will put in place the necessary internal procedures to ensure that accurate supporting documentation is included in future reports.

MDHS is committed to fostering a better communication within the divisions to ensure that accurate information is provided. MDHS will actively seek training to be able to accurately report and review financial information. MDHS will implement an additional level of review prior to the submission of the Federal Subgrant Activity Schedule. Further, MDHS will be updating the SOPs to reflect the additional internal controls.

Wayne Carpenter, Deputy Executive Director of Finance is the responsible party for implementing the Corrective Action Plan. The anticipated completion date is July 1, 2022.

We appreciate the courtesy and professionalism demonstrated by your field audit staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Sandra Griffith, Inspector General at 601-968-8369.

Respectfully,



Robert G. Anderson
Executive Director

pc: Kameron Harris, Chief Compliance Officer
Wayne Carpenter, Deputy Executive Director of Finance
Patrick Black, General Counsel
Sandra Griffith, Inspector General



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
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STATE AUDITOR

September 12, 2022

Single Audit Management Report

Robert Anderson, Executive Director
Mississippi Department of Human Services
200 South Lamar St.
Jackson, MS 39201

Dear Mr. Anderson:

Enclosed for your review are the single audit findings and other audit findings for the Mississippi Department of Human Services for Fiscal Year 2021. In these findings, the Auditor's Office recommends the Mississippi Department of Human Services:

Single Audit Findings:

1. Strengthen Controls to Ensure Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.
2. Strengthen Controls over Required Federal Reporting Elements.
3. Strengthen Controls Over the Compilation and Submission of Required Federal Reports for the Social Services Block Grant (SSBG) Program.
4. Strengthen Controls Over On-site Monitoring for the Supplemental Nutrition Assistance for Needy Families (SNAP), Child Care Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG) and Low Income Home Energy Assistance (LIHEAP) Programs.
5. Strengthen Controls Over Subrecipient Monitoring Requirements for the Temporary Assistance for Needy Families (TANF), Child Care Development Fund (CCDF), Low Income Home Energy Assistance (LIHEAP), and Social Services Block (SSBG) Programs.

Other Audit Findings:

6. Strengthened Controls Over Eligibility Requirements of the Temporary Assistance For Needy Families Program.
7. Strengthen Controls Over systems edits for the Child Care Payment System (CCPS) system.

Please review the recommendations and submit a plan to implement them by September 20, 2022. 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 *Office of Management and Budget's 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 hope you find our recommendations enable the Mississippi Department of Human Services to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Human Services throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie C. Palmertree". The signature is written in dark ink and is positioned above the typed name and title.

Stephanie C. Palmertree, CPA, CGMA
Deputy State Auditor
Office of the State Auditor

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 programs administered by the Mississippi Department of Human Services for the year ended June 30, 2021.

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, Mississippi Code Annotated (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 Department of Human Services' compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement* that could have a direct and material effect on the federal programs selected for audit that are administered by the Mississippi Department of Human Services for the year ended June 30, 2021.

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 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 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 Department of Human Services' 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 Department of Human Services' compliance.

Results of Compliance Audit Procedures

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with *Uniform Guidance* and which are identified in this letter as items 2021-010, 2021-011, 2021-012, 2021-013, and 2021-014.

Internal Control over Compliance

Management of the Mississippi Department of Human Services 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 Department of Human Services' internal control over compliance with the types of requirements that could have a direct and material effect on each 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 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 Department of Human Services' internal control over compliance.

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

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 2021-010, 2021-011, 2021-013, and 2021-014 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 items 2021-012 to be significant deficiencies.

In addition, we noted other deficiencies in internal control over compliance that require the attention of management that we have reported on the attached document, "Other Audit Findings," as items OTH-2021-007 and OTH-2021-008.

Findings and Recommendations

REPORTING

Material Weakness

Material Noncompliance

2021-010 Strengthen Controls to Ensure Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.

ALN Number(s) 93.558 Temporary Assistance for Needy Families (TANF)
93.667 Social Services Block Grant (SSBG)
93.568 LIHEAP

| | | | |
|----------------------|--------------------|--------------------|--------------------|
| Federal Award | G1901MSTANF (2019) | G1901MSSOSR (2019) | G1901MSLIEA (2019) |
| | G2001MSTANF (2020) | G2001MSSOSR (2020) | G2001MSLIEA (2020) |
| | G2101MSTANF (2021) | G2101MSSOSR (2021) | G2101MSLIEA (2021) |

Pass-Through U.S. Department of Health and Human Services

Questioned Costs N/A

Criteria Per the *Code of Federal Regulations (2 cfr 170.200)*, “(a) federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, government wide website and follow Uniform Guidance to support Transparency Act implementation. (b) Federal awarding agencies that obtain post-award data on subaward obligations outside of this policy should take the necessary steps to ensure that their recipients are not required, due to the combination of agency-specific and Transparency Act reporting requirements, to submit the same or similar data multiple times during a given reporting period.”

The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the entity determining which laws and regulations apply to the entity and setting objectives that incorporate these requirements.

Condition When performing testwork related to Federal Funding Accountability and Transparency Act (FFATA) Reporting as of June 30, 2021, the auditor noted that the Mississippi Department of Human Services (MDHS) did not perform reporting over FFATA as required by the *Code of Federal Regulations (2 cfr 170.200)*.

Cause MDHS staff failed to follow grant regulations requiring FFATA reporting.

Effect Failure to report any applicable awards and subawards resulted in MDHS being in noncompliance with federal reporting requirements and could result in a misstatement of federal expenditures to the federal awarding agency.

Recommendation We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting.

Repeat Finding No.

Statistically Valid No.

Material Weakness
Material Noncompliance

2021-011 Strengthen Controls to Ensure Compliance with Reporting Requirements for Pandemic EBT Food Benefits.

ALN Number(s) 10.542 Pandemic EBT Food Benefits

Federal Award 12352834-DP20 (2020)

Pass-Through U.S. Department of Agriculture

Questioned Costs N/A

Criteria The *Code of Federal Regulations (2 cfr 200.302(b))* states in part that the financial management system of each non-Federal entity must provide for the “identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any...”

Condition When performing testwork related to Pandemic EBT (PEBT) Reporting as of June 30, 2021, the auditor noted that the Mississippi Department of Human Services (MDHS) did not separately identify the PEBT grant award(s) on its Federal Grant Activity Schedule, nor within Mississippi’s Accountability System for Government Information and Collaboration (MAGIC).

Cause MDHS staff combined regular EBT benefits with PEBT benefits for grant reporting.

Effect Failure to report any applicable awards correctly resulted in MDHS being in noncompliance with federal requirements.

Recommendation We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with reporting requirements for Pandemic EBT Food Benefits.

Repeat Finding No.

Statistically Valid No.

Significant Deficiency

2021-012 Strengthen Controls Over the Compilation and Submission of Required Federal Reports for the Social Services Block Grant (SSBG) Program.

ALN Number(s) 93.667 Social Services Block Grant (SSBG)

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|-------------------------|---|
| Federal Award | G1901MSSOSR (2019) G2001MSSOSR (2020) G2101MSSOSR (2021) |
| Pass-Through | U.S. Department of Health and Human Services |
| Questioned Costs | N/A |
| Criteria | <p>Per the <i>Code of Federal Regulations (2 cfr 200.62)</i>, “a nonfederal entity must have internal control over compliance designed to provide reasonable assurance that;</p> <p>(a) Transactions are properly recorded and accounted for, in order to:</p> <p>(1) Permit the preparation of reliable financial statements and Federal reports...”</p> <p>Additionally, the <i>Code of Federal Regulations (2 cfr 200.334)</i>, states that “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass through entity in the case of a subrecipient...”</p> <p><i>The Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. 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. Good internal controls dictate a proper review process for all calculations and reports. These controls should be reviewed throughout the accounting process in such a manner to ensure amounts are properly transferred to the Federal reports. Additionally, adequate controls dictate the use and maintenance of supporting documentation (i.e. birth certificates, driver’s licenses, ID Cards, etc.) in order to determine eligibility and ensure the identity of the recipients of benefits and/or services.</p> |
| Condition | <p>When performing testwork related to Social Services Block Grant (SSBG) Reporting as of June 30, 2021, the auditor noted the following:</p> <ul style="list-style-type: none">• One instance in which MDHS could not provide supporting documentation for the amount of Special Services - Youth at Risk recipients listed on the Post Expenditure Report. The recipient amount reported on the Post Expenditure Report is 101. Per MDHS personnel, the amount of youth that received services during 10/1/2019 to 9/30/2020 was 119. |

- MDHS does not have controls in place over the review and approval of the Social Service Block Grant Post Expenditure Report.

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| Cause | MDHS has no controls in place over the review and approval of Social Service Block Grant Post Expenditure Report. |
| Effect | Failure to review reports properly could result in the reporting of incorrect amounts and could impact funding determinations. Additionally, failure to ask for support of client eligibility and identity could result in fraudulent spending. |
| Recommendation | We recommend the Mississippi Department of Human Services (MDHS) strengthen controls over the compilation and submission of required federal reports for the Social Services Block Grant (SSBG) Program. Additionally, MDHS should keep adequate records of recipients served in each category of service and should require AAAs to ask for proper supporting documentation to verify eligibility and identities of recipients of benefits and/or services. |
| Repeat Finding | No. |
| Statistically Valid | Yes. |

SUBRECIPIENT MONITORING

Material Weakness

Material Noncompliance

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|--------------------------|---|--------------------|
| 2021-013 | <u>Strengthen Controls over On-Site Monitoring for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.</u> | |
| CFDA Number | 10.551 Supplemental Nutrition Assistance Program 93.558 Temporary Assistance for Needy Families State Programs 93.667 Social Services Block Grant 93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.568 Low Income Home Energy Assistance Program | |
| Federal Award No. | SNAP – Letter of Credit | 2001MSCCDF (2020) |
| | G1901MSTANF (2019) | G2001MSSOSR (2020) |
| | G2001MSTANF (2020) | G20B1MSLIEA (2020) |

Federal Agency United States Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs None.

Criteria The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the *Code of Federal Regulations (2 cfr Part 200)*. The *Code of Federal Regulations (2 cfr Part 200.331)* designates MDHS as a pass through entity to properly identify subgrant requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subgrants are used for authorized purposes, complies with the terms and conditions of the subgrants and achieves performance goals.

The auditor evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity – Division of Monitoring (DM) to satisfy during-the-award monitoring requirements. DM procedures require: an on-site monitoring review of each subrecipient contract at least once during the subgrant period. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by DM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subrecipients. The written report should be issued within 60 days from the date of the exit conference, which is normally held on the last day of the on-site review. Additionally, if the initial report identifies any administrative findings or questioned costs, a response to the findings is required to be submitted by the subrecipient to DM within thirty (30) working days from the date the report was issued.

The *Code of Federal Regulations (2 cfr 200.328(a))* states that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

The *Code of Federal Regulations (2 cfr 200.328(b)(2))*, states the non-Federal entity must submit performance reports using OMB-approved government-wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

- (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the

Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

- (ii) The reasons why established goals were not met, if appropriate.
- (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

The *Code of Federal Regulations* (2 CFR 200.332 (d)) States that the pass-through entity “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved...”

Additionally, the *Code of Federal Regulations* (2 cfr 200.62), states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and any other Federal statutes and regulations that are identified in the Compliance Supplement.

Furthermore, the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that: the agency perform appropriate; multi-level reviews over the monitoring process; the agency and subgrants of the agency maintain adequate documentation (i.e. Identification Cards, Birth Certificates, Driver’s Licenses, etc.) in order to verify eligibility information submitted by clients of the Federal Programs; the agency perform tests over the eligibility of clients of the Federal program in order to ensure the subrecipient is in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; the agency ensures timely communication from the subgrantees and timely resolution of findings; and the Division of Monitoring act separately from the programmatic funding divisions in order to prevent; detect; and deter fraud, waste, and abuse or the misuse of federal funds.

Condition

During testwork performed on subrecipient on-site monitoring for 117 subgrant contracts during state fiscal year 2020, auditor noted the following exceptions:

- Two instances, or 2 percent, in which the Division of Monitoring did not perform monitoring of subgrants.
- Five instances, or 5 percent, in which the Supervisor's Checklist was not included for Subrecipient on the FY 2020 Monitoring Reviews Smartsheet; therefore, auditor could not verify Supervisory Review of the Monitoring process.

- 10 instances, or 9 percent, in which the Programmatic Tool was not included for Subrecipient on FY 2020 Monitoring Reviews Smartsheet, and could not be provided by the Division of Monitoring.
- Four instances, or 3 percent, in which the Initial Report was not issued within 60 working days of the exit conference.
- 28 instances, or 24 percent, in which auditor could not verify Eligibility was tested by either the Division of Monitoring or the Programmatic Division, or the Monitoring Smartsheet did not contain enough documentation to ensure eligibility was tested appropriately.
- One instance, or 1 percent, in which auditor could not verify a clearance or resolution of monitoring findings.
- One instance, or 1 percent, in which the Division of Monitoring did not receive a response from a subrecipient in regards to the Initial Finding Letter.

Additionally, auditor noted that the Division of Monitoring performs monitoring of subrecipients' programmatic performance and spending based on programmatic tools provided by MDHS' individual programmatic divisions and not on knowledge of the federal program and its corresponding rules and regulations.

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|----------------------------|---|
| Cause | Staff were either unaware or did not follow identified policies and procedures for monitoring requirement. |
| Effect | MDHS programmatic funding divisions rely upon DM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs. |
| Recommendation | We recommend the Mississippi Department of Human Services' Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring. We also recommend the agency ensure subgrants are monitored timely and that the "Report of Findings & Recommendations" prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. Additionally, we recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file. We further recommend the agency monitor eligibility for all subrecipients and ensure subrecipients maintain adequate documentation that supports the eligibility determination of their clients. |
| Repeat Finding | Yes – 2020-030; Yes – 2019-042 in 2019; 2018-046 in 2018; 2017-037 in 2017; 2016-027 in 2016; 2015-005 in 2015; 2014-017 in 2014; 2013-015 in 2013. |
| Statistically Valid | Yes. |

Material Weakness
Material Noncompliance

2021-014 Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

CFDA Number 10.551 Supplemental Nutrition Assistance Program
 93.558 Temporary Assistance for Needy Families State Programs
 93.575 Child Care and Development Block Grant
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.667 Social Services Block Grant
 93.568 Low Income Home Energy Assistance Program

Federal Award No. SNAP – Letter of Credit
 TANF – G1901MSTANF, G2001MSTANF
 CCDF – G1901MSCCDF, G2001MSCCDF
 SSBG – G2001MSSOSR
 LIHEAP – G20B1MSLIEA, G2001MSLIEA

Federal Agency U.S. Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs None.

Criteria *The Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Adequate controls would allow for a tracking system that includes all sub-recipients receiving federal funds from the agency as well as the maintenance of OMB monitoring files.

The Office of Management and Budget's (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 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.

Additionally, the *Code of Federal Regulations (45 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

- (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements and Federal reports;
 - (2) Maintain accountability over assets; and
 - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:

- (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
 - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The *Code of Federal Regulations (2 cfr §200.331(f))* states all pass-through entities (PTE's) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part 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 Audit requirements.

The *Code of Federal Regulations (2 cfr §200.332)* states that all pass-through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the I'subgrant is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subgrant; and that subgrant performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
 - (1) Reviewing financial and performance reports required by the pass through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subgrant.

The *Code of Federal Regulations (2 cfr § 200.512(a)(1))* states the audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

Furthermore, MDHS' Policy regarding the Responsibilities of the Monitoring Unit Related to Uniform Guidance Audit Requirements Audits includes:

- (1) Providing an Initial Notice Letter to subrecipients to notify them of the audit requirements under the OMB Uniform Guidance Audit Requirements and providing the Subrecipient Audit Information Form (SAIF) to document that an audit is not required for subrecipients that expend less than \$750,000.
- (2) Issuing a Reminder Letter to subrecipients that have not submitted either an audit report or SAIF form to document that an audit was not required.
- (3) Issuing a Demand Letter to subrecipients that fail to submit an audit report or SAIF form to document that an audit was not required.
- (4) Identifying any audit findings contained in the audit reports and notifying the responsible MDHS Funding Division so that the audit findings can be resolved

within the six-month deadline imposed under OMB Uniform Guidance Audit Requirements.

- (5) Maintaining an audit file for each MDHS subrecipient which includes an archive copy of the audit report or Subrecipient Audit Information Form, the Uniform Guide for Initial Review of Audit Reports, copies of the transmittal memorandum sent to each MDHS Funding Division, copies of any reminder letters sent to the subrecipient, and the Audit Finding and Questioned Costs Tracking Record and a copy of the clearance letter issued by the MDHS Funding Division for those subrecipients with audit findings.

Finally, the *MDHS Subgrant/Agreement Manual* states that all MDHS subrecipients are required to complete the MDHS Subrecipient Audit Information Form (MDHS-DPI-002). This form must be submitted to the Division of Program Integrity – Division of Monitoring no later than ninety (90) calendar days after the end of the subrecipient's fiscal year. This form is necessary to certify the sources and amounts of all Federal awards received and expended by the subrecipient.

Condition

During the audit of the Mississippi Department of Human Services (MDHS), the auditors reviewed the Division of Monitoring (DM) audit files and Single Audit Tracking Document for MDHS Subgrantees for state fiscal year 2019. During the review, the following weaknesses were noted:

- One instance in which the Uniform Guide for the Initial Report of Uniform Guidance Audit Reports was not included on the FY 2019 Single Audit Tracking Smartsheet; therefore, auditor could not verify the DM reviewed and approved the submitted Subgrantee audit report.
- 33 instances in which Auditor could not verify if reminder letters were sent to the Subrecipient due to these letters not being included on the FY 2019 Single Audit Tracking Smartsheet or reminder letters were sent untimely.
- Three instances in which the Office of Monitoring did not receive the Subgrantee SAIF form within 90 days of the subrecipient's fiscal year end. Average submission was 123 working days late.
- Eight instances in which the FY 2019 Single Audit Tracking Smartsheet did not contain a SAIF form or audit report for the Subgrantee; therefore, auditor could not verify compliance with the monitoring process.

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 fraud, waste, and abuse within the agency.

Recommendation

We recommend the Mississippi Department of Human Services' Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are

appropriately monitored and an Uniform Guidance audit is obtained and continue to follow-up in a timely manner to obtain an Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

Repeat Finding Yes – 2020-031; Yes – 2019-043; 2018-047 in 2018; 2017-038 in 2017; 2016-028 in 2016; 2015-009 in 2015; 2014-016 in 2014.

Statistically Valid Yes.

OTHER AUDIT FINDINGS

In planning and performing our audit of the federal awards received by the Mississippi Department of Human Services for the year ended June 30, 2021, we considered internal control over compliance with the requirements that could have a direct and material effect on the major federal programs. Matters which require the attention of management were noted. These matters which do not have a material effect on the agency's ability to administer major federal programs in accordance with applicable laws, regulations, or provisions of contracts or grant agreements involve an immaterial instance of noncompliance and other internal control deficiencies.

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.

Control Deficiency

Immaterial Noncompliance

OTH-2021-008 Strengthen Controls to Ensure Compliance with Eligibility and Benefit Requirements of the Temporary Assistance For Needy Families Program

CFDA Number 93.558 Temporary Assistance for Needy Families State Programs

Federal Award No. TANF – G1901MSTANF, G2001MSTANF, G2101MSTANF

Federal Agency U.S. Department of Health and Human Services

Questioned Costs \$110

Criteria *The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. Good internal controls dictate that proper controls are in place to ensure eligibility requirements are met and documentation supporting eligibility is maintained.*

The Mississippi Department of Human Services (MDHS) has published Volume III, TANF Policy Manual, which establishes criteria for eligibility under the Temporary Assistance for Needy Families (TANF) program.

Chapter 2 states that written statements and documentary evidence is maintained within case files or MAVERICS and is used to support decisions made by case workers.

Chapter 3, Non-Financial Criteria, states that:

“Only those individuals for whom a Social Security number is provided, or for whom an application for a Social Security number has been verified, are eligible for assistance, unless there is good cause. The application must not be approved without the SSN or verification of the SSN application for the PI. Duplicate and multiple numbers must be resolved before approval.”

“All TANF children under the age of 18 must have current immunizations according to the schedule recommended by the Department of Health. Good cause exceptions may be allowed if there is a legitimate and verifiable reason that the child’s immunizations are not current.”

“Dependent children in the TANF budget ages 6 to 18 must attend school satisfactorily until high school graduation or completion of a GED. Failure to attend school or excessive absences, without good cause, will result in penalties being applied to both the TANF and SNAP cases.”

Additionally, Chapter 3, requires a MDHS-EA-312, Personal Responsibility Contract, be signed by each adult in the TANF assistance unit at the time of application.

Condition

When performing testwork over TANF benefits paid during 2021, the auditor noted the following:

- One instance in which no supporting documentation on file to support birthdate(s) and Social Security Number(s) of benefit recipients
- One instance in which auditor could not verify recipient’s identity due to lack of documentation in case file. Although no alerts were issued in MAVERICS for mismatched SSN, the case file did not contain adequate information to verify recipient’s identity.
- One instance in which auditor could not verify children were current on immunizations.
- One instance in which auditor could not verify children under the age of 18 were enrolled in school.
- One instance in which auditor could not locate the MDHS-312 form for a recipient receiving benefits. This form is a list of family responsibilities to be considered for the TANF program.

Cause

Staff did not follow Policies and procedures for Eligibility determinations.

| | |
|----------------------------|--|
| Effect | Failure to maintain supporting documentation for eligibility determination could result in questioned costs and recoupment of costs by the federal granting agency. |
| Recommendation | We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with eligibility and benefit requirements of the Temporary Assistance For Needy Families Program. |
| Repeat Finding | No |
| Statistically Valid | Yes. |

Control Deficiency

| | |
|--------------------------|--|
| OTH-2021-007 | <u>Strengthen Controls Over Systems Edits for Child Care Payment System (CCPS).</u> |
| CFDA Number | 93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| Federal Award No. | CCDF – 2001MSCCDF (2020) |
| Federal Agency | U.S. Department of Health and Human Services |
| Questioned Costs | \$1,220 |
| Criteria | <i>The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes, but is not limited to, implementing system edits to prevent improper payments and eliminate or lessen the need for manual review, as well as having proper controls in place to prevent duplicate client payments.</i> |
| Condition | When performing testwork over information technology controls in place at the Department of Human Services during the fiscal year ended June 30, 2021, auditor noted that the MDHS' Child Care Payment System (CCPS) application did not contain automatic application safeguards, or edits, to prevent persons residing outside of Mississippi from applying for child care benefits. Additionally, three instances were noted in which duplicate payments were made, resulting in overpayments totaling \$1,220.25. |
| Cause | Staff were unaware of the possibility of such system edits for CCPS. Additionally, staff oversight due to lack of controls in place to identify duplicate payments. |

| | |
|----------------------------|--|
| Effect | Failure to implement controls over system edits could result in improper child care payments to persons not residing in Mississippi. Additionally, lack of controls resulted in duplicate payments to childcare facilities. |
| Recommendation | We recommend the Mississippi Department of Human Services strengthen systems edits for Child Care Payment System (CCPS) to contain appropriate safeguards, and strengthen controls over duplicate payments to ensure overpayment does not occur. |
| Repeat Finding | No |
| Statistically Valid | Yes |

End of Report

SINGLE AUDIT FINDINGS

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

September 20, 2022

Dear Auditor White:

Enclosed for your review is the agency's official response and corrective action plan to the single audit findings and other findings as outlined in the Mississippi Department of Human Services (MDHS) Fiscal Year 2021 Single Audit Management Report. In submitting this report, I would note that the Senior Leadership Team in place at this time is entirely different from the team who was on board when I became Executive Director in March 2020.

SINGLE AUDIT FINDINGS:

2021-010 The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with the Federal Funding and Accountability and Transparency Act (FFATA) Reporting Requirements.

Response: MDHS concurs that controls should be strengthened over FFATA reporting requirements.

Corrective Action Plan:

1. Strengthen controls to ensure compliance with FFATA reporting requirements.
 - A. MDHS is working to issue a Standard Operating Procedure that establishes responsibility and provides guidance for Federal Funding and Accountability and Transparency Act (FFATA) reporting requirements. MDHS will also implement a process to ensure that FFATA reporting is being done and verified on a periodic basis.
 - B. Responsible Parties: Wayne Carpenter, Deputy of Finance and Samuel Cole, Director of Procurement Services
 - C. Anticipated Completion Date: The anticipated completion date is October 31, 2022.

2021-011 The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Reporting Requirements for Pandemic EBT Food Benefits.

Response: MDHS concurs that controls should be strengthened to ensure compliance with reporting requirements for Pandemic EBT Food Benefits.

Corrective Action Plan:

1. Strengthen controls to ensure compliance with reporting requirements for pandemic EBT food benefits.
 - A. CFDA numbers were combined on the Federal Grant Activity Schedule; however, this did not occur in any other federal reporting of PEBT Benefits. MDHS will ensure staff continue to follow the proper processes required for federal reporting.
 - B. Responsible Parties: Debra Dixon, Chief Financial Officer, and Wayne Carpenter, Deputy Executive Director of Finance
 - C. Anticipated Completion Date: This corrective action has been implemented.

2021-012 The Mississippi Department of Human Services Should Strengthen Controls Over the Compilation and Submission of Required Federal Reports for the Social Services Block Grant (SSBG) Program.

Response: MDHS concurs that controls should be strengthened over the review and approval of the Social Services Block Grant Post Expenditure Report and that the records of participants for each category of service should be adequately maintained for auditing purposes.

Corrective Action Plan:

1. Strengthen controls over the compilation and submission of federal reports:
 - A. MDHS has been reviewing its Standard Operating Procedures (SOPs) and working to ensure that internal processes and procedures are documented and up-to-date to promote consistency with documentation and reporting required to ensure programmatic and fiscal compliance. A written SOP specifically for SSBG federal reporting will be provided to all participating divisions that details both the proper source(s) of required data and proper process for calculation of the data to be reported. The location for maintaining all supporting documentation from the report for future audits will also be addressed.
 - B. Responsible Parties: Debra Dixon, Chief Financial Officer, and Rachelle S. Richardson, Deputy Executive Director of Age-Related Programs
 - C. Anticipated Completion Date: SOP(s) finalized by September 30, 2022

2021-013 The Mississippi Department of Human Services Should Strengthen Controls over Onsite Monitoring for the Supplemental Nutrition Assistance Program (SNAP).

Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.

Response: MDHS Concurrs that controls should be strengthened over On-Site monitoring for SNAP, TANF, CCDF, LIHEAP and SSBG Programs.

MDHS also concurs with the following specific recommendations of the OSA and incorporates those recommendations as the foundation for the MDHS Corrective Action Plan (CAP) related to this finding. Many internal controls at MDHS have been reevaluated and strengthened since new leadership arrived in March 2020 and MDHS continues to review recommendations and avenues to further strengthen internal controls.

Corrective Action Plan:

1. Strengthen controls over the subrecipient monitoring process:
 - A. The Office of Compliance, Division of Monitoring continues to review and update the monitoring Standard Operating Procedures (SOPs) as necessary to ensure processes are adequate and effective. Staff are trained on updates and/or provided notification of new updates to the SOP to ensure continued compliance with monitoring the agency's subgrant agreements.
 - B. Responsible Party: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
 - C. Completion Date: This corrective action has been implemented and is an ongoing process as the trainings are reoccurring.
2. Ensure subgrants are monitored timely and the Report of Findings is issued in a timely manner:
 - A. The Office of Compliance, Division of Monitoring continues to improve upon the monitoring review process. The Division annually assesses SOPs to ensure the most effective procedures are in place to ensure the Agency's compliance with the monitoring process.
 - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
 - C. Anticipated Completion Date: This corrective action has been implemented.
3. Maintain all supporting monitoring tools, reports, and correspondence in the monitoring file:
 - A. The Division of Monitoring provides training to employees on the monitoring process upon hiring and annually to ensure employees are current on requirements regarding the monitoring process.
 - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
 - C. Anticipated Completion Date: This is an ongoing process as the trainings

are reoccurring.

4. Monitor eligibility for all subrecipients and ensure subrecipients maintain adequate documentation that supports the eligibility determination of their clients.
 - A. Please refer to response in #3 of 2021-013.
 - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
 - C. Anticipated Completion Date: This is an ongoing process as the trainings are reoccurring.

2021-014 The Mississippi Department of Human Services Should Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

Response: MDHS concurs that it needs to strengthen controls over subrecipient monitoring to ensure compliance with Uniform Guidance Auditing requirements.

Corrective Action Plan:

- A. Please refer to MDHS response in 2021-013 for measures already taken and ongoing by MDHS and all future corrective actions.
- B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
- C. Anticipated Completion Date: This corrective action has been implemented and is ongoing.

OTH-2021-008 The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Eligibility and Benefit Requirements of the Temporary Assistance for Needy Families Program.

Response: MDHS concurs that it should strengthen controls to ensure compliance with eligibility and requirements for the Temporary Assistance for Needy Families Program (TANF).

Corrective Action Plan:

1. To strengthen controls and ensure compliance, effective November 01, 2022, MDHS will complete the following:
 - A. A statewide case review will be conducted quarterly on 10% of open TANF cases.
 - B. All MDHS-312, Personal Responsibility Contract, documents will be scanned to the case file at both application and redetermination.
 - C. All staff with TANF caseloads will be required to complete an annual refresher training.

2. Responsible Parties: Shenetta Drone, Deputy Executive Director for Economic Programs, Kristi Kinnel, Division Director of Economic Assistance Eligibility
3. Anticipated Completion Date: This is an ongoing process, beginning November 01, 2022.

OTH-2021-007 The Mississippi Department of Human Services Should Strengthen Controls Over Systems Edits for Child Care Payment System (CCPS).

Response: MDHS concurs that controls should be strengthened over systems edits for the Child Care Payment System (CCPS).

Corrective Action Plan:

1. The Division of Early Childhood Care and Development (DECCD) requested an update to the online Child Care Payment Program (CCPP) subsidy application for the purposes of updating the business rules for the application to not allow an out-of-state applicant to apply for childcare subsidy in Mississippi. If an applicant enters an out-of-state address, the application is determined ineligible. Additionally, as a verification to ensure compliance with CCPP eligibility rules, DECCD eligibility staff will review each application and verify specifically to determine whether an applicant is or is not a Mississippi resident.
2. Responsible Parties: General Counsel, Patrick Black, Division Directors for DECCD, Vicki Lowery and Chad Allgood
3. Anticipated Completion Date: The updated business rule has previously been implemented effective August 22, 2022.

The Mississippi Department of Human Services would like to emphasize that new management and new processes are in place across the entire agency. MDHS appreciates the courtesy and professionalism demonstrated by your field staff throughout this audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Brett Robinson, Internal Audit Director, at 601-359-4697.

Sincerely,



Robert G. Anderson
Executive Director

RGA