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# FINANCIAL REPORT

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

JACKSON, MISSISSIPPI

JUNE 30, 2021

Presented by: Harper, Rains, Knight & Company, P.A.  
1052 Highland Colony Parkway, Suite 100  
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BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Mississippi Supreme Court  
Administrative Office of Courts  
Jackson, Mississippi

Independent Auditors' Report

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the governmental activities of the general funds of the Mississippi Supreme Court Administrative Office of Courts (the "Court") as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Court, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

The Court's 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, and for 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.

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***Responsibilities of Management for the Financial Statements (continued)***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Court's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's 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 basic financial statements. Such missing information, although not a part of the financial statements, is required by the *Government Auditing Standards Board*, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Court'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 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 the Court's internal control over financial reporting and compliance.

*Harper, Raina, Knight & Company, P.A.*

March 31, 2022  
Ridgeland, Mississippi

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

BALANCE SHEET

June 30, 2021

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ASSETS	
Cash	\$ 800
Equity in state treasury funds	9,896,483
Due from federal government	25,174
Due from other state funds	54,241
Other assets	<u>20,000</u>
Total assets	<u>\$ 9,996,698</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 850,576
Accrued wages payable	31,157
Due to other local governments	1,257,728
Due to other state funds	635
Due to component units	14,783
Unearned revenue	<u>5,093</u>
Total liabilities	<u>2,159,972</u>
Fund balance	
Committed to law, justice and public safety	2,490,052
Restricted to law, justice, regulation of business and professional licenses	<u>5,346,674</u>
Total fund balance	<u>7,836,726</u>
Total liabilities and fund balance	<u>\$ 9,996,698</u>

The Notes to Financial Statements are an integral part of this statement.



MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE

Year ended June 30, 2021

Revenue	
Political subdivision	\$ 14,809,266
Court assessments	5,019,441
Licenses, fees and permits	816,960
Federal grant	352,624
Non-federal grant	197,125
Charges for supplies/services to outside entities	642,995
Interest income	51,756
Other income	94,746
Total revenue	<u>21,984,913</u>
Expenditures	
Salaries and benefits	58,873,876
Subsidies	11,096,245
Travel	1,094,280
Contractual services	2,495,213
Commodities	1,853,027
Capital outlay	207,258
Total expenditures	<u>75,619,899</u>
Excess of revenues under expenditures	<u>(53,634,986)</u>
Other financing sources (uses)	
Transfers in	59,036,010
Transfers (out)	<u>(6,360,767)</u>
Net financing sources	<u>52,675,243</u>
Net change in fund balance	(959,743)
Fund balance, beginning of year	<u>8,796,469</u>
Fund balance, end of year	<u><u>\$ 7,836,726</u></u>

The Notes to Financial Statements are an integral part of this statement.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been followed by the Mississippi Supreme Court Administrative Office of Courts (hereafter referred to as the "Court") in preparing the accompanying financial statements are set forth below.

Organization and Operations

The Court was established on July 1, 1993, in order to assist in the efficient administration of the nonjudicial business of the State's court system. The Court is responsible for the administrative business of the state trial and appellate courts including budget, finance and personnel. The director also assists the Chief Justice of the Supreme Court, the chief administrative officer of every court in the state. The Court works to obtain and manage grants, assists with studies and projects to improve the administration of justice, serves as the data collection unit of the court system and sets standards and rules for electronic filing of court records.

Basis of Presentation

The accompanying general fund financial statements of the Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The Court applies all relevant GASB pronouncements.

Measurement Focus and Basis of Accounting

The Court's financial statements are presented as governmental general type funds. Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and currently liabilities are generally included on the balance sheet. Under this method, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collectible within the current year or soon enough after fiscal year-end to liquidate liabilities existing at the end of the fiscal year. The Court considers revenues received within sixty (60) days after fiscal year-end as available. Significant revenue sources that are susceptible to accrual include federal grants. Other revenues are recognized when received since they are only measurable at that time. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting. However, expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. All short-term, highly liquid investments that are readily convertible to cash (generally with a maturity of three months or less) are considered cash equivalents. At June 30, 2021, there were no cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due from the Federal or State government in which the revenue is earned, but not received by June 30, 2021. Accounts receivable are reported net of allowance for uncollectible accounts, where applicable. No allowance for uncollectible accounts is recorded at June 30, 2021.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the Court's financial statements. Interfund transactions are reflected as services provided, reimbursements or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Fund Balance - Governmental Funds

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Court can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable* - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 1 • SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance - Governmental Funds (continued)

*Committed fund balance* - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the highest level of decision-making authority. The executive director is the highest level of decision-making authority for the Court that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* - Amounts in assigned fund balance classification are intended to be used for specific purposes, but do not meet the criteria to be classified as committed. The executive director may by resolution authorize the finance director to assign fund balance. The Funds may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* - Unassigned fund balance is the residual classification for the selected funds.

The Court considers restricted amounts to have been spent when the expenditure is incurred for purposes determined for which both restricted and unrestricted fund balances are available.

Revenue Recognition

Grant revenue is recognized when the related and allowable liability is paid. Other revenues are generally recognized when the revenue is received or appropriated by the State of Mississippi Legislature.

Unearned Revenue

Unearned grant 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.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 1 • SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Court is a governmental entity and, as such, is exempt from federal and state income taxes.

Subsequent Events

Subsequent events were evaluated by the Court March 31, 2022, which is the date the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that required additional recognition or disclosure in the financial statements.

NOTE 2 • EQUITY IN STATE TREASURY FUNDS

Equity in State Treasury funds consists of pooled cash held by the Treasurer of the State of Mississippi. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured. Section 27-105-5 Miss. Code Ann. (1972) 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 statutorily required 5.5 percent 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 percent of the amount of public funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Collateral may be held by a third-party custodian, with approval of the State Treasurer, if conditions are met which protect the State's interests.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 2 • EQUITY IN STATE TREASURY FUNDS (continued)

Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. Deposits above FDIC overage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the funds. All deposited funds of the Court are fully collateralized in accordance with state statutes.

NOTE 3 • DUE FROM AND DUE TO

At June 30, 2021, due from and due to other government balances consisted of:

	<u>Due From</u>	<u>Due To</u>
Federal government		
Department of Health and Human Services	\$ 25,174	\$ -
Other local governments	\$ -	\$ 1,257,728
Other state funds		
Department of Employment Security	\$ 54,241	\$ -
Department of Finance and Administration	-	635
Total other state funds	\$ 54,241	\$ 635
Component units		
Mississippi State University	\$ -	\$ 6,783
University of MS School of Law	-	8,000
Total component units	\$ -	\$ 14,783

Due from/to other funds result primarily from time lag between the dates that interfund good and services were provided, or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made. All balances are expected to be received or paid during fiscal year 2022.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 4 • TRANSFERS IN AND OUT

Transfers in and out for the year ended June 30, 2021, are as follows:

	Transfers In	Transfers Out
Department of Treasury	\$ 47,676,183	\$ -
Department of Finance and Administration - COVID funds	5,000,000	-
Department of Finance and Administration - reappropriation	280,816	280,816
Department of Finance and Administration - capital outlay	375,000	-
Department of Finance and Administration - pooled interest	-	13,858
Department of Finance and Administration - adjustments	8,645	8,799
Department of Employment Security	705,130	21,741
Unemployment Insurance Trust	-	1,030,484
Other state agencies - COVID funds	1,873,708	1,888,541
Other agency funds	<u>3,116,528</u>	<u>3,116,528</u>
Total	<u>\$ 59,036,010</u>	<u>\$ 6,360,767</u>

NOTE 5 • RETIREMENT PLAN

The Court 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 percent of their annual covered salary and the Funds are required to contribute at an actuarially determined rate. The current rate is 17.40 percent of annual covered payroll. The contribution requirements for PERS are established in accordance with actuarial contribution requirements determined through actuarial valuation and adopted by the PERS Board.

MISSISSIPPI SUPREME COURT  
ADMINISTRATIVE OFFICE OF COURTS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

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NOTE 6 • CONTINGENCIES AND COMMITMENTS

The Court 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 result in a liability for the Court.

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





Mississippi Supreme Court  
Administrative Office of Courts  
Jackson, Mississippi

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements the governmental activities of the general funds of the Mississippi Supreme Court Administrative Office of Courts (the "Court") as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Court's basic financial statements and have issued our report thereon dated March 31, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Court'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 the Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Court'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 Court'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.

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### **Internal Control Over Financial Reporting (continued)**

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 a material weakness. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harper, Raina, Knight & Company, P.A.*  
March 31, 2022  
Ridgeland, Mississippi



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

September 16, 2022

**Single Audit Management Report**

Greg Snowden  
Director of the Administrative Office of Courts  
Mississippi Supreme Court  
450 High Street  
Jackson, MS 39201

Dear Mr. Snowden,

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 Administrative Office of Courts, herein after referred to as the "Court", 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, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

**Report on Compliance for Each Major Federal Program**

We have audited the Administrative Office of Courts' (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 Administrative Office of Courts for the year ended June 30, 2021.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 Administrative Office of the Courts' 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 Court's compliance.

### **Results of Compliance Audit Procedures**

The results of our auditing procedures disclosed no instances of noncompliance that are required to be reported by *Uniform Guidance*.

### **Internal Control over Compliance**

Management of the Administrative Office of Courts (Court) 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 Court's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal controls over compliance in accordance with *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 the Court's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 *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.

Administrative Office of the Courts

September 16, 2022

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

Sincerely,

A handwritten signature in blue ink, reading "Stephanie Palmertree". The signature is fluid and cursive, with the first name "Stephanie" written in a larger, more prominent script than the last name "Palmertree".

Stephanie Palmertree, CPA, CGMA  
Deputy State Auditor

**End of Report**