

# State of Mississippi

**Independent Auditor's 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***

for the Fiscal Year Ended June 30, 2022



**Shad White**

State Auditor

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

**INDEPENDENT AUDITOR'S 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***

The Governor, Members of the Legislature and Citizens of the State of Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated April 21, 2023. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

▪ Government-wide Financial Statements

• Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation which, in the aggregate, represent 11 percent, 15 percent, and 10 percent, respectively, of the assets, net position, and revenues of the governmental activities;

• Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and the Department of Finance and Administration State Life and Health Plan which, in the aggregate, represent 63 percent, 60 percent, and 97 percent, respectively, of the assets, net position, and revenues of the business-type activities;

- Component Units
  - the Universities and the nonmajor component units.
- Fund Financial Statements
  - Governmental Funds
    - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation, which, in the aggregate, represent 25 percent, 30 percent, and 10 percent, respectively, of the assets, fund balance, and revenues of the governmental activities;
  - Proprietary Funds
    - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, and the Department of Finance and Administration State Life and Health Plan which are considered major enterprise funds which, in the aggregate, represent 51 percent, 44 percent, and 91 percent, respectively, of the assets, fund balance, and revenues of the proprietary funds;
  - Aggregate Remaining Funds
    - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
    - Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;
    - the Pension Trust Funds;
    - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 99 percent, 99 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate remaining funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were

not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting compliance and other matters associated with these funds or entities.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we and other auditors considered the State of Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 State of Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Mississippi's internal control.

Our and the other auditors' consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2022-005, 2022-006, 2022-010, 2022-011, 2022-012, 2022-014, 2022-015, and 2022-016 to be material weaknesses.

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. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2022-007, 2022-008, 2022-009, and 2022-013 to be significant deficiencies.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions of the State of Mississippi in separate communications.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Mississippi's financial statements are free from material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

### **State of Mississippi's Response to Finding**

Management's response to the findings identified in our audit is described in the accompanying "Management's Response and Corrective Action Plan" section. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Mississippi'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 entity's 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.



**Angela Mire, CPA, CFE**  
Director, Agency Division  
Mississippi Office of the State Auditor

Jackson, Mississippi  
April 21, 2023



**Schedule of Findings and Questioned Costs:  
Part 1  
Summary of Auditor's Results**



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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

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PART 1 – SUMMARY OF AUDITOR’S RESULTS

*Financial Statements*

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?

X Yes      \_\_\_ No

- Significant deficiencies identified?

X Yes      \_\_\_ No

Noncompliance material to financial  
statements noted?

\_\_\_ Yes      X No

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**Schedule of Findings and Questioned Costs:  
Part 2  
Financial Statement Findings**



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**PART 2 – FINANCIAL STATEMENT FINDINGS**

**Finding Number**      **Finding and Recommendation**

**COMMUNITY COLLEGE BOARD**

**MATERIAL WEAKNESS**

**2022-005**                      Strengthen Controls Over Financial Reporting.

**Repeat Finding**              No.

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all Funds.

*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) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that reconciliations of accounting data be timely and detailed in order to ensure accuracy and reliability.

**Condition**                      As part of the audit, a material adjustment for several items in fund 3329700000 related to accounts receivable. These items were received after year-end June 30, 2022; however, they related to the year under audit and were not recorded as revenue for the year presented. As a result, revenue, accounts receivable, and fund balance were all understated by \$80,755.

**Cause**                              The corrections were due to accruals that were not identified in a timely manner.

**Effect**                              The ending fund balance for fund 3329700000 was materially understated. Unadjusted Fund balance was \$362,517 before the adjustment, and \$443,272 after the adjustment.

**Recommendation**              Management should review and enhance current procedures (as deemed necessary) to ensure that accruals be identified in a timely manner.

**Views of Responsible Officials**              The Mississippi Community College Board concurs with the finding. See additional information in Management’s Corrective Action Plan at page 33.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF CORRECTIONS

SIGNIFICANT DEFICIENCY

2022-008                      Strengthen Controls Over Financial Reporting.

**Repeat Finding**              No.

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all Funds.

*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) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that reconciliations of accounting data be timely and detailed in order to ensure accuracy and reliability.

**Condition**                      Physical inventory counts are performed bi-annually, and adjustments to inventory are made based on the inventory counts. The year-end inventory count adjustment was made as part of the year-end GAAP package close process. A one-time human error resulted in a miskey in the adjustment from the inventory count into the GAAP Package spreadsheet, causing the inventory to be understated by \$877,600.

**Cause**                          The Mississippi Department of Corrections' accounting policies and procedures provide for review of the year end GAAP package; however it did not provide sufficiently detailed level of supervisory challenge, review and approval by the director of purchasing, property, warehouse and fleet.

**Effect**                          The one-time human error resulted in a miskey in the year-end inventory adjustment resulting in \$877,600 understatement of inventory.

**Recommendation**              Management should implement a more detailed process for the review and approval of GAAP Packets for inventory to be performed by the director of purchasing, property, warehouse and fleet.

**Views of Responsible Officials**              The Mississippi Department of Corrections concurs with the finding. See additional information in Management's Corrective Action Plan at page 35.

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**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)**

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**DEPARTMENT OF EDUCATION**

**SIGNIFICANT DEFICIENCY**

**2022-009**                      Strengthen Controls Over the Preparation of the Federal Grant Activity Schedule.

**Repeat Finding**            Yes; 2021-006; Significant Deficiency.

**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) specify that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.60* states, "The Federal Grant Activity schedule supports amounts reported on the GAAP Packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act...and the State's audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports."

Per OMB M-20-26, Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations (June 18, 2020), "in order to provide adequate oversight of the COVID-19 Emergency Acts funding and programs, recipients and subrecipients must separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards and audit report findings."

Per the Grant Bulletin, Implementation of the 120-Calendar Day Liquidation Period Codified in 2 CFR § 200.344 and Effective on November 12, 2020, "This bulletin implements a revision ... that extends the grant closeout liquidation period, i.e., the period immediately following the end date of the period of performance, from 90 calendar days to 120 calendar days for all active grants.

**Condition**                      The Mississippi Department of Education (MDE) did not update the Grant Schedule for all changes to grants amounts, grant numbers, and grant dates that occurred during the fiscal year. During testwork of the Grant Schedule, the auditor noted errors in reporting for programs. Examples of these errors include:

- One instance in which expenditures to sub-grantees were incorrectly coded in MAGIC and thus were not captured on the Subgrant Schedule form 27.30.70 or the column for amounts passed to sub-grantees on the Grant Schedule form 27.30.60. The total amount of transactions not included was \$2,011,532.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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- Seven instances in which the cumulative expenditures for the federal subprogram per the grant schedule exceeded the allocated amount assigned by the agency to the federal subprogram within the block grant.
- One instance in which a grant award was not properly identified with the COVID-19 designation on the Federal Grant Activity Schedule as required by uniform guidance.
- Two instances in which the grant funding period end date reported on the grant schedule did not match the grant funding period end date per the grant award.
- One instance in which the noncash assistance amounts National Student Lunch Program (ALN 10.555) and the Summer Food Service Program (ALN 10.559) per the Federal Grant Activity Schedule did not agree to MAGIC. The amount was \$2,040,951.

**Cause** The Mississippi Department of Education did not enforce proper internal control structures over the preparation of the Federal Grant Activity Schedule and allowed multiple errors in the schedule to remain by agency personnel.

**Effect** Without proper internal control structures over the preparation of the Federal Grant Activity Schedule, erroneous grant numbers, grant award amounts, and “Amount Passed to Subrecipients” could be reported on the Federal Grant Activity Schedule. In addition, the errors would be passed thru to the State’s Schedule of Federal Expenditures and could result in reporting errors on the State’s Single Audit Report.

**Recommendation** We recommend the Mississippi Department of Education strengthen controls over the preparation of the Federal Grant Activity Schedule to ensure all grant award information and amounts reported are accurate and correct.

**Views of Responsible Officials** The Mississippi Department of Education concurs with the finding. See additional information in Management’s Corrective Action Plan at page 37.

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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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**DEPARTMENT OF FINANCE AND ADMINISTRATION**

**MATERIAL WEAKNESS**

**2022-015**                      Require Chief Fiscal Officers of State Agencies to hold Minimum Accounting Qualifications and Attend Mandatory Training.

**Repeat Finding**            Yes; 2016-012, 2017-006, 2018-024, 2019-015 2020-010, and 2021-003; Material Weakness Findings

**Criteria**                      *Section 7-7-3 Miss. Code Ann. (1972)* states that the State Fiscal Officer (as defined by *Section 21-104-6 Miss. Code Ann. (1972)* as the Executive Director of the Department of Finance and Administration shall conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the statewide accounting system.

*Section 7-7-211 Miss. Code Ann. (1972)* authorizes the State Auditor to establish training course and programs for the personnel of the various state and local governmental entities. These courses shall include, but are not limited to, topics on internal control, purchasing and property, governmental accounting and financial reporting, and internal auditing.

*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 is a commitment to competence that demonstrates a commitment to retain competent employees. This principle of competency can be achieved through analysis of skills required for positions, training and development training.

**Condition**                      During testing for fiscal year 2022, we noted, through inquiry and observation, that the overall expertise level of accounting staff in various state agencies was not consistent, and that job requirements often did not specify applicants hold any specific accounting or governmental knowledge. We also noted that, although the Department of Finance and Administration (DFA) held GAAP conversion and accounting training courses to aid state agencies in compiling financial information, it was not a mandatory requirement and often agency personnel did not attend. Likewise, qualification and skill requirements were not consistently applied to Chief Financial Officers throughout the various state agencies.

The lack of overall understanding and application of proper accounting standards required the centralized accounting function of the state, DFA, to prepare significant adjusting and reclassification entries in order to prevent material misstatement. While the majority of entries would not have materially misstated accounts individually, in the aggregate, without adjustment, the financials would have been materially misstated.

**Cause**                              Lack of consistently applied agency qualifications for accounting personnel.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

**Effect** The failure of the State to hire and retain competent staff could result in material misstatement of the financial statements.

**Recommendation** We recommend the Department of Finance and Administration implement mandatory training sessions for accounting personnel and Chief Fiscal Officers. Additionally, we recommend the State of Mississippi implement minimum qualifications for Chief Financial Officers.

**Views of Responsible Officials** Management at the Department of Finance and Administration concurs with the finding. See additional information in Management’s Corrective Action Plan at page 39.

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**2022-016** Strengthen Controls Over the Compilation Process of the Annual Comprehensive Financial Statements and Supporting Schedules.

**Repeat Finding** No.

**Criteria** Section 27-104-4, Mississippi Code Annotated (1972) requires each state agency to prepare annual financial statements at such time as required by the State Fiscal Officer. The State Fiscal Officer, in consultation with the State Auditor, shall prescribe rules and regulations to implement and specify the records, procedures and accounting systems necessary to carry out the provisions of this section. The State Fiscal Officer shall combine the financial statements of the various state agencies into a comprehensive annual financial report for the State of Mississippi.

The Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment includes principles that management should hold individuals responsible for appropriate authorities assigned to their role. Additionally, strong control activities requires appropriate, timely, and correct reconciliations of financial statements and accounts.

**Condition** During the 2022 audit of the Annual Comprehensive Financial Statements, the following issues were identified:

- A significant adjusting journal entry (\$172,758,130) was needed for a revenue accrual related to the opioid settlements during the course of the audit. The Department of Finance and Administration (DFA) along with the Attorney General's Office failed to record an entry or communicate with each other to identify that an accrual was necessary.
- The Schedule of Expenditures of Federal Awards (SEFA) is prepared at each agency and reviewed by DFA. DFA also combines each agency's SEFA with all other agencies to compile the statewide SEP A. During the audit at the various agencies as well as at the combined ACFR level, numerous adjustments to the SEP A were required by the Office of the

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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State Auditor (OSA). Below are detailed the most specific changes required by OSA to various Assistance Listing Numbers (ALN):

- ALN 10.555 – noncash expenditures of \$27,953,882 were accrued as expenditures by OSA for the Department of Education program.
- ALN 21.027 – Expenditures for fund number 6821113000 was reduced from \$755,000,000 to \$5,000,000 as the monies had only been transferred from a DFA fund to agency funds - but no actual expenditures had occurred.
- ALN 21.027 – revenues and expenditures for fund number 6821113100 were removed from the SEP A as these monies were passed thru the State of Mississippi to Non-entitlement Units of local government. Removing this fund from the SEFA reduced total current federal expenditures by \$267,967,748.
- ALN 64.015 – This ALN was not included on the SEFA – the agency did not include the revenue/expense in a federal revenue fund. DFA reconciles federal revenue, but due to the incorrect fund assignment, these monies were not included on the automated report. Therefore, federal revenue was incorrectly reconciled. When ALN 64.015 was added to the SEFA, Federal expenditures increased by \$32,553,863.

In addition, to the significant changes above, there were numerous errors with incorrect assistance listing numbers (ALN), incorrect grant numbers, and incorrect grant award amounts.

**Cause** Lack of controls and proper oversight over the compilation process of the Annual Comprehensive Financial Report and supporting schedules.

**Effect** The lack of controls and proper oversight over the compilation of the Annual Comprehensive Financial Report and supporting schedules resulted in materially misstated financial statements that required adjustment by auditors.

**Recommendation** We recommend the Department of Finance and Administration strengthen controls over the compilation process of the Annual Comprehensive Financial Statements by staying informed of new accounting pronouncements, and current trends; we further recommend that the Department of Finance of Administration implement more effective controls over the compilation of the Statewide SEFA, and communicate overarching policies regarding its compilation to all state agencies.

**Views of Responsible Officials** The Mississippi Department of Finance and Administration concurs with the finding. See additional information in Management’s Corrective Action Plan at page 39.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF HEALTH

MATERIAL WEAKNESS

2022-012                      Strengthen Controls over Financial Reporting.

**Repeat Finding**              No.

**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.

**Condition**                      While the design of the Fund’s accounting and financial reporting process provides for appropriate supervisory review of the federal grant worksheet, that review did not properly function during the year-end close process this year. The supervisory review and approval of the federal grant schedule didn’t properly function to detect errors in the schedule.

**Cause**                              The Fund assigned new personnel with limited experience to prepare the federal grant worksheet and did not properly review the worksheet to detect errors within.

**Effect**                              Potentially material misstatements in the financial statements related to federal grants could occur and not be prevented or detected in a timely manner. Errors in the federal grant worksheet related to carry-forward balances and formula errors. Adjust adjustments were proposed to correct the ending balances.

**Recommendation**              We recommend management ensure its process for the supervisory review and approval of the federal grant worksheet, including challenging the clerical accuracy, the reasonableness of the year-end balances of any accruals, and the propriety of any carry-forward amounts properly functions during each year-end close.

**Views of Responsible Officials**              The Mississippi Department of Health concurs with the finding. See additional information in Management’s Corrective Action Plan at page 43.

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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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**DEPARTMENT OF HUMAN SERVICES**

**SIGNIFICANT DEFICIENCY**

<b>2022-007</b>	<u>Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.</u>
<b>Repeat Finding</b>	Yes; 2020-008 and 2021-001; Material Weakness Findings.
<b>Criteria</b>	<p>The <i>Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the <i>U.S. Government Accountability Office Standards for Internal Control in the Federal Government</i> (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.</p> <p>The <i>Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05</i> states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.</p>
<b>Condition</b>	<p>While performing testwork related to the Mississippi Department of Human Services' (MDHS) Schedule of Federal Grant Activity, the auditor noted the following regarding the Federal Sub-Grant Activity Schedule:</p> <ul style="list-style-type: none"> <li>• Two instances in which amounts recorded as "Passed to Subrecipients" were coded to the incorrect ALN number on the Schedule of Federal Grant Activity.</li> <li>• 12 instances in which the amounts recorded as "Current Year Agency Expenditures - Amounts Paid to Sub-Grantees" per the Sub-Grant 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).</li> </ul>
<b>Cause</b>	The Mississippi Department of Human Services did not enforce proper control structures over financial reporting, which attributed to the multiple errors detected on the Federal Sub-Grant Activity Schedule.
<b>Effect</b>	Without proper enforcement of 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.
<b>Recommendation</b>	We recommend management at the Department of Human Services evaluate internal control procedures over the review and approval of Federal Sub-Grant Activity Schedule. Additionally, we recommend existing staff obtain the needed

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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training to be able to accurately report and review financial information entered into the Federal Sub-Grant Schedule.

**Views of Responsible  
Officials**

The Mississippi Department of Human Services concurs with the finding. See additional information in Management's Corrective Action Plan at page 45.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF MARINE RESOURCES

**MATERIAL WEAKNESS**

<b>2022-006</b>	<u>Strengthen Controls Over Financial Reporting.</u>
<b>Repeat Finding</b>	Yes; 2020-014 and 2021-004; Material Weakness.
<b>Criteria</b>	The <i>Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the <i>U.S. Government Accountability Office Standards for Internal Control in the Federal Government</i> (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy of information reported to ensure that transactions are recorded in the proper period and that invoices are not recorded twice.
<b>Condition</b>	As part of the 2022 audit, material audit adjustments were proposed in funds 5345000000 and 3345200000 related to the recording of liabilities and the related expenditures.
<b>Cause</b>	Errors in reporting expenditures and related liabilities were not identified in a timely manner.
<b>Effect</b>	The ending fund balance of fund 5345000000 and 3345200000, respectively, was materially understated by \$190,229 and \$746,949, and required an adjustment to correct the ending balance. The adjusted fund balance at the end of the year should be \$(315,270) and \$26,343,383.
<b>Recommendation</b>	We recommend that the Mississippi Department of Marine Resources strengthen controls over the review of prepared financial statements to ensure that errors are identified and corrected in a timely manner.
<b>Views of Responsible Officials</b>	The Mississippi Department of Marine Resources concurs with the finding. See additional information in Management's Corrective Action Plan at page 47.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF PUBLIC SAFETY

MATERIAL WEAKNESS

2022-011                      Strengthen Controls Over Financial Reporting.

**Repeat Finding**            Yes, 2020-016 and 2021-009; Material Weakness Findings.

**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.

**Condition**                      During the audit, it was noted that the due to and from balances between Mississippi Department of Public Safety intra-agency funds did not balance and eliminate when consolidated. Multiple material audit adjustments were identified.

**Cause**                              The Mississippi Department of Public Safety's internal controls were not designed to reconcile the due to and from balances for intra-agency funds that were not required to submit a GAAP package to the Mississippi Department of Finance and Administration. In addition, internal controls were not designed to analyze due from balances for collectability.

**Effect**                              The Mississippi Department of Public Safety's due from and due to balances were overstated by approximately \$1,203,568 and \$936,914, respectively, because due to and from balances did not eliminate. In addition, audit procedures identified approximately \$1,998,298 of significantly aged due from other governments. Per discussion with Mississippi Department of Public Safety, the due from balances were likely uncollectible and a reserve of \$1,998,298 was established.

**Recommendation**            We recommend the Mississippi Department of Public Safety strengthen internal controls over financial reporting to ensure that due to and from balances reconcile to supporting schedules and other funds. We also recommend that management assess the due from balances on an annual basis to ensure that they are collectible.

**Views of Responsible Officials**            The Mississippi Department of Public Safety concurs with the finding. See additional information in Management's Corrective Action Plan at page 49.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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**DIVISION OF MEDICAID**

**MATERIAL WEAKNESS**

**2022-010**                      Strengthen Controls Over the Preparation and Review of the Schedule of Expenditures of Federal Awards.

**Repeat Finding**            Yes; 2020-011 and 2021-007; Material Weakness Findings.

**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) specify that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 27.30.60* states, “The Federal Grant Activity schedule supports amounts reported on the GAAP Packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act...and the State’s audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports.”

**Condition**                      During the audit of the Mississippi Division of Medicaid for fiscal year ended June 30, 2022, we became aware of ineffective processes and/or procedures relating to internal controls over financial reporting and the Schedule of Expenditures of Federal Awards. In the aggregate, these instances resulted in a material weakness in the agency’s overall control environment. The following exceptions were noted:

- Two instances in which the amount listed in the grant award section of the Schedule of Expenditures of Federal Awards did not agree with the Grant Award.
- One instances in which expenditures per the Schedule of Expenditures of Federal Awards and the Mississippi Accountability System for Government Information and Collaboration (MAGIC) did not agree to the Quarterly Medicaid Statements of Expenditures for the Medical Assistance Program (form CMS-64), resulting in adjustments to the Schedule of Expenditures of Federal Awards and an audit adjustment.
- One instance in which receipts per the Schedule of Expenditures of Federal Awards and MAGIC did not agree to receipts per the Payment Management Services (PMS) report, resulting in adjustments to the Schedule of Expenditures of Federal Awards and an audit adjustment.

The lack of adequate controls over the Schedule of Expenditures of Federal Awards and the Claims Payable calculation resulted in the following:

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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- Federal Revenue was understated by \$35,579,254;
- Subsidies Loans and Grants was understated by \$35,232,626;
- Unearned Federal Revenue was overstated by \$19,029,946; and
- Due from Federal Government was overstated by \$18,683,318.

**Cause** The Mississippi Division of Medicaid (“Medicaid”) did not possess or enforce proper internal control structures over financial reporting. Additionally, Medicaid did not properly review grant schedule information and did not perform review over crucial aspects of financial reporting.

**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 Division of Medicaid. Failure to properly ensure the amounts are correct on the Federal Grant Activity Schedule could result in reporting errors on the State’s Single Audit Report.

**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls financial reporting and the Schedule of Expenditures of Federal Awards to ensure all grant award information and amounts reported are accurate and correct.

**Views of Responsible Officials** The Mississippi Division of Medicaid does not concur with the finding. See additional information in Management’s Corrective Action Plan at page 51; and the Auditor’s Response to the Corrective Action Plan at page 27 and 53.

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

**Auditor's note to the Corrective Action Plan from Mississippi Division of Medicaid (MDOM) Management**

**Division of Medicaid *Material Weakness***

**2022-010      Strengthen Controls Over the Preparation and Review of the Schedule of Expenditures of Federal Awards.**

While MDOM states that they do not concur with the finding, in reading the Corrective Action Plan they do concur that the amount needed adjustment because it was materially misstated. The amount per the SEFA agreed with amount per MAGIC; however, both amounts were incorrect and did not agree with the amount reported on the federal report – which was the correct amount. The adjustment, agreed to by MDOM, adjusted the financials to the correct amount. Therefore, the statements made in the finding are accurate.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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OFFICE OF THE STATE TREASURER

SIGNIFICANT DEFICIENCY

**2022-013**                      Strengthen Controls to Ensure Correct Reports for Equity in Internal Investments are Sent to Department of Finance and Administration to Make the Market Value Adjustment.

**Repeat Finding**            No.

**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.

**Condition**                    While performing testwork related to Equity in Internal Investment, the auditor noted that the Office of the State Treasurer had sent the Department of Finance and Administration the incorrect report for use in calculating the adjustment to market value for investments in the internal investment pool.

**Cause**                        The Office of the State Treasurer did not apply proper oversight when running the report request by the Department of Finance and Administration.

**Effect**                        Equity in Internal Investments was overstated for fiscal year 2022 by \$348,916,698 and required an audit adjustment.

**Recommendation**        We recommend management at the Office of the State Treasurer strengthen controls to ensure correct reports are run for determining market value adjustments.

**Views of Responsible Officials**            The Office of the State Treasurer concurs with the finding. See additional information in Management's Corrective Action Plan at page 55.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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VETERANS AFFAIRS BOARD

MATERIAL WEAKNESS

**2022-014**                      Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**Repeat Finding**            Yes, 2020-040, 2021-051; Material Weakness Findings.

**Criteria**                      The *Code of Federal Regulations (2 cfr §200.510(b))* states, in part "the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502."

*The Code of Federal Regulations (2 CFR §200.502(a))* states, in part, "the determination of when a federal award is expended must be based on when the activity related to the Federal award occurs."

The *Internal Control - Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *US. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

The *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual Section 27.30.60 states, "The Federal Grant Activity schedule supports amounts reported on the GAAP packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act, Office of Management and Budget Uniform Grant Guidance and the State's audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports."

**Condition**                      During the audit of Mississippi Veterans Affairs (MVA) for fiscal year ended June 30, 2022, auditors noted that MVA recorded federal monies in state assigned fund classification (the three funds) rather than the federal assigned fund classification (the five funds) in the statewide accounting system, the Mississippi Accountability System for Government Information and Collaboration (MAGIC). Due to this misclassification of funds, the Mississippi Department of Finance and Administration (DFA) was unaware the MVA was receiving federal monies, and did not include the agency on the Statewide Schedule of Federal Activity (SEFA), and did not require MVA to prepare a grant schedule during the financial close out period. The statewide SEFA is prepared using agency prepared grant schedule

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART – 2 Financial Statement Findings (continued)**

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activity reports, and a system of internal controls exists to ensure all federal monies are included in the SEFA and that all agencies that have federal monies prepare grant schedules. By misclassifying the funds, MVA inadvertently circumvented the control system and DFA was not alerted to the need for the inclusion of the funds in the SEFA. During the audit for the statewide ACFR, auditors noted that ALN 64.015 was not listed on the SEFA. The auditor requested the information from MVA and adjusted the SEFA accordingly.

**Cause** Management at MVA is relatively new and continued recording money in the same funds it had historically been recorded in and did not realize the federal monies received required the agency to prepare a SEFA. Additionally, the misclassification of funds in the general fund did not alert DFA to the receipt of federal funds.

**Effect** Failure to properly ensure the assistance listing numbers (ALN) and amounts are reported correctly in MAGIC and that the SEFA agrees with the underlying financial records could result in inaccurate reporting to both the state and federal oversight organizations.

**Recommendation** We recommend Mississippi Veterans Affairs strengthen controls over the preparation and review of the Schedule of Expenditures of Federal Awards to ensure all grant award information and amounts reported are accurate and correct, and that the information agrees with the underlying financial records. In addition, we recommend Mississippi Veterans Affairs record all federal revenues in a five fund to ensure inclusion on the Schedule of Expenditures of Federal Awards.

**Views of Responsible Officials** The Mississippi Veterans Affairs Board concurs with the finding. See additional information in Management's Corrective Action Plan at page 57.

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**Schedule of Findings and Questioned Costs:**  
**Part 3**  
**Management Response**



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## COMMUNITY COLLEGE BOARD

3825 Ridgewood Road • Jackson, MS 39211 • Phone: (601) 432-6518 • Fax: (601) 432-6363

### FINANCIAL AUDIT FINDINGS

March 2, 2023

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

Dear Auditor White:

The Mississippi Community College Board (MCCB) has received its Independent Auditor's Report from Clifton Larson Allen, LLP (CLA) for Fiscal Year 2022. The report included one finding, which is listed below. Additionally, our response and corrective action plan is also provided.

### MCCB FY 2022 AUDIT FINDING:

#### **2022-055      Audit Adjustment**

- **Type of Finding:**

#### **Material Weakness in Internal Control over Financial Reporting**

As part of the MCCB single audit CLA proposed a material adjustment for several items in fund 3329700000 related to accounts receivable. These items were received after year-end June 30, 2022; however, they related to the year under audit and were not recorded as revenue for the year presented. As a result, revenue, accounts receivable, and fund balance were all understated by \$80,755.

- **Response:**

MCCB management agrees with the finding and will institute a policy to review all accounts receivable received after year end.

- **Corrective Action Plan:**

- A. At year end a list of outstanding receivables will be given to accounts receivable staff to use for daily entries. Revenue accruals received after year end will be coded to the prior year during the lapse period. After lapse period

The mission of the Mississippi Community College Board is to advance the community college system through coordination, support, leadership, and advocacy.

has ended any accruals received will be recorded to the prior year via an audit adjustment.

- B. Mr. Jason Carter, MCCB's Deputy Executive Director for Finance and Administration, will be responsible for ensuring the corrective action plan is followed.
- C. The corrective action plan will be in place before year end FY 2023.

Please let me know if you have questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kell Smith', with a stylized flourish at the end.

Kell Smith  
Executive Director



**STATE OF MISSISSIPPI  
DEPARTMENT OF CORRECTIONS  
BURL CAIN, COMMISSIONER**

**FINANCIAL AUDIT FINDINGS**

**January 19, 2023**

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

Dear Mr. White:

Enclosed for your review is the Mississippi Department of Correction's response to the financial statement audit finding for the fiscal Year 2022:

**Finding 2022-008**

Repeat Finding: No

Finding Type: Significant Deficiency in internal Controls Over Financial Reporting – Review of GAAP Package Reporting for Inventory Counts

Physical inventory counts are performed bi-annually, and adjustments to inventory are made based on the inventory counts. The year-end inventory count adjustment was made as part of the year-end GAAP package close process. A one-time human error resulted in a miskey in the adjustment from the inventory count into the GAAP Package spreadsheet, causing the inventory to be understated by \$877,600.

**Agency Response:**

MDOC concurs with the finding.

**Corrective Action Plan**

MDOC will implement the recommendation to have the Director of Property, Warehouse, and Fleet perform a final review of the GAAP package to ensure the data is keyed correctly to the GAAP package. Derrick Garner, the Chief of Fiscal Affairs and Budgeting, will be the contact person for the corrective action plan changes. This change will be implemented during the GAAP package submission in August of 2023.

Sincerely,



Burl Cain, Commissioner

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## MISSISSIPPI DEPARTMENT OF EDUCATION

Robert P. Taylor, Ed.D.  
*State Superintendent of Education*

### **FINANCIAL AUDIT FINDINGS**

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

March 2, 2023

Dear Mr. White:

In accordance with Financial Audit Management Audit Report dated February 16, 2023, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit finding for the fiscal year ending June 30, 2022.

#### AUDIT FINDINGS:

**2022-009**     Strengthen controls over the preparation of the Federal Grant Activity Schedule.

Response: The MDE concurs with the finding and noted the following:

- Expenditures in the amount of \$2,011,532 were coded to the GAAP contractual services expense account in error on the Accounts Payable Recorded by Agency Form 27.30.40 for Subsidies, Loans, and Grants expenditures recorded in MAGIC during the lapse period.
- A GAAP entry was recorded for noncash commodities as of June 30, 2018, in the amount of \$20,966,789 which is included in the cumulative expenditures in MAGIC. These are USDA commodities donated to the National School Lunch Program. This amount is not related to the grant award (201818N109945).

These grants are closed with no federal expenditures in fiscal year ending June 30, 2022, therefore, these cumulative expenditures have no effect on the fiscal year ending June 30, 2022, Schedule of Expenditures of Federal Awards.

- The COVID-19 designation was omitted in error for grant (202121H170645).
- 2 out of 105 grants had the incorrect grant funding period end date.
- The donated foods inventory was not included on the grant schedule.

#### Corrective Action Plan:

A. Specific steps to be taken to correct the situation.

The Executive Director of Accounting will continue to strengthen controls over the preparation and review process of the Schedule of Federal Awards and Subgrant Schedule.

B. Name of the contact person responsible for corrective action.

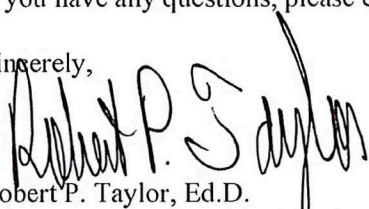
Sheila Franklin-Buie, Executive Director of Accounting

C. Anticipated completion date for correction action.

August 31, 2023

If you have any questions, please contact Dr. Felicia Gavin at 601-359-5254.

Sincerely,



Robert P. Taylor, Ed.D.  
State Superintendent of Education





**STATE OF MISSISSIPPI**  
GOVERNOR TATE REEVES

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

LIZ WELCH  
EXECUTIVE DIRECTOR

**FINANCIAL AUDIT FINDINGS**

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

June 14, 2023

Dear Mr. White,

In reference to your letter dated March 22, 2023, we submit the following responses and corrective action plans to the financial audit findings for the Department of Finance and Administration (DFA) for the fiscal year ended June 30, 2022.

**AUDIT FINDINGS:**

**MATERIAL WEAKNESSES**

**2022-015**

The State of MS Should Require Chief Fiscal Officers of State Agencies to hold Minimum Accounting Qualifications and Atten Mandatory Training.

**Response:**

We acknowledge the finding.

The Department of Finance and Administration (DFA) is the primary agency responsible for state government financial and administrative operations, and we fully accept and embrace the magnitude of that responsibility. However, while DFA is the executive branch control agency over governmental accounting and financial reporting, and in particular, the completion of the annual comprehensive financial report, we rely heavily on the cooperation and input of every other state agency to successfully accomplish that task.

We acknowledge that Section 7-7-3 of Miss. Code Ann. (1972) requires DFA to conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the state accounting system. Before implementation of the new statewide system and since that time, we have provided class training, one-on-one personalized training and detailed assistance via the call center to agency personnel to help them understand the processes required for daily workflow. We have training material, work instructions and job aids available on the internet that are easily accessible. While we have clearly stated that these training sessions are necessary, we continue to have agencies that do not attend.

The finding specifically calls into question the lack of qualifications and skill requirements of agency accounting personnel, and specifically mentions the lack of qualified personnel serving as Chief Fiscal Officers. While we have the responsibility to provide systems to facilitate the financial reporting and operations of the state and to provide training to employees that use these systems, we do not have the oversight of the hiring or selection of agency employees. Hiring qualified employees is the responsibility of each state agency head.

**Corrective Action:**

A. The audit finding recommendation is for DFA to implement mandatory training sessions for accounting personnel and chief fiscal officers.

DFA will continue to provide training opportunities for accounting personnel and chief fiscal officers and will pursue and provide additional training as funding allows. DFA will also consider requiring attendance, however enforcement of that will be difficult.

B. Liz Welch is the contact person for this corrective action.

C. The corrective action will be implemented during fiscal year 2023.

D. N/A

2022-016

The Department of Finance and Administration Should  
Strengthen the Controls Over the Compilation Process of  
the Annual Comprehensive Financial Statements and  
Supporting Schedules

**Response:**

We concur with the finding.

**Corrective Action:**

- A. DFA - Office of Financial Reporting (OFR) will examine options for more efficient collection of information to reduce GAAP preparation time. OFR will also reiterate to the GAAP Coordinators the importance of timely, accurate, and materially correct financial supporting schedules. In addition, OFR will meet with the Office of the State Auditor to discuss ways to have audit adjustments and finalized audits sooner.
- B. The contact person responsible for this corrective action is Liz Welch.
- C. The corrective action will be implemented during fiscal year 2023.
- D. N/A

Sincerely,



Liz Welch  
Executive Director

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

**FINANCIAL AUDIT FINDINGS**

April 21, 2023

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

Dear Mr. White:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2022 fiscal year financial audit of the Drinking Water Revolving Loan Fund. Listed below is our individual response and plan for corrective action:

**AUDIT FINDING:**

**2022-012**                      Strengthen Controls Over Financial Reporting of the Grant Schedule

Response:                      The Agency concurs with the finding.

Corrective Action:           Additional procedures will be implemented to improve the review process of work performed by staff. In addition, some of the issues were related to cumulative figures that have been carried forward from year to year. Additional procedures will be implemented to review the cumulative amounts for reasonableness.

Name of contact person responsible for corrective action: Sharon Dowdy

Anticipated completion date of corrective action: August 2023

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7354.

Sincerely,

*Daniel Edney, MD*  
Daniel P. Edney, MD, FACP, FASAM  
State Health Officer

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**FINANCIAL AUDIT FINDINGS**

February 23, 2023

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

Dear Auditor White:

Enclosed for your review is the agency's official response to the financial audit finding as defined in the Mississippi Department of Human Services (MDHS) Fiscal Year 2022 Financial Audit Management Report, along with the corrective action plan that is to be implemented.

FINANCIAL AUDIT FINDING:

**2022-007**      **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:

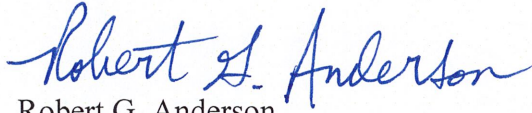
MDHS acknowledges weaknesses in some of its controls regarding the review and submission of its GAAP packet. MDHS implemented new procedures for the review and approval of the Federal Subgrant Activity Schedule in the previous year. MDHS reduced the error rate significantly over the first year. MDHS will continue to strive to reduce errors in reporting and continue to improve upon the established process.

Additionally, MDHS, as an entire agency, is conducting a 360 review of its automated systems and will be looking at this process as part of that review. MDHS hopes to identify areas where automation can help reduce human error and cut down on the manual process being performed currently.

Wayne Carpenter, Deputy Executive Director of Finance and Administration and Samuel Cole, Director of Procurement Services are the responsible parties for implementing the Corrective Action Plan. The anticipated completion date is July 1, 2023.

We appreciate the courtesy and professionalism demonstrated by Emily Mathis and her field audit staff throughout the review. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Brett Robinson, Director of Internal Audit, at 601-359-4697.

Respectfully,



Robert G. Anderson  
Executive Director

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





## STATE OF MISSISSIPPI

Tate Reeves  
Governor

### MISSISSIPPI DEPARTMENT OF MARINE RESOURCES

Joe Spraggins, Executive Director

#### **FINANCIAL AUDIT FINDINGS**

February 8, 2023

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

Dr. Mr. White:

The Mississippi Department of Marine Resources has received the audit report and findings for the FY22 agency audit. Please find our response below to finding 2022-006 as well as our corrective action plan.

#### AUDIT FINDINGS:

##### **2022-006      AUDIT ADJUSTMENTS**

Response: The Department of Marine Resources recognizes errors in the amount of \$689,497.00. These errors were due to double accruing invoices. Of that amount, \$609,268.00 was due to recording estimates for Tidelands recipient payments as well as recording the actual invoices when we received them causing them to be double accrued. This was caused by Tidelands reallocation of funds to a different project during the lapse period and was a miscommunication between departments. We have put a procedure in place to halt any Tidelands reallocations during the lapse period to prevent this from happening in the future.

The remaining audit adjustments of \$247,681.00 were due to invoices received that were less than the estimated amount recorded as a liability. The estimates made were reasonable for the time frame we are given to complete the GAAP packet for submission to the State. We were unaware that we could continue to make adjustments after our submission if we find differences until we were advised by our agency auditors. In the future we will monitor this and report any errors found to the agency auditors for correction prior to the beginning of the audit testing to minimize any audit adjustments to our estimates.

Corrective Action Plan:

- A. The Department of Marine Resources has put a procedure in place to halt reallocations during the lapse period. We will also monitor incoming invoices after GAAP packet submission and report any errors or differences in estimated accruals found prior to audit testing to prevent further audit adjustments.
- B. Contact: Brandi Busby, Director of Finance at 228-523-4099
- C. Anticipated completion date for corrective action is June 30, 2023.

Sincerely,



Joe Spraggins  
Executive Director  
Mississippi Department of Marine Resources



**STATE OF MISSISSIPPI**  
TATE REEVES, GOVERNOR  
**DEPARTMENT OF PUBLIC SAFETY**  
SEAN J. TINDELL, COMMISSIONER

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

March 20, 2023

Dear Mr. White:

This letter is in response to the audit for fiscal year 2022 prepared by CliftonLarsonAllen LLP.

**AUDIT FINDINGS:**

**2022-001**      Material Weakness in Internal Control over Financial Reporting

Response:      The Department of Public Safety acknowledges this finding.

**Corrective Action Plan:**

- A:              DPS is the process of implementing a written policy which requires the Financial Reporting section to review and reconcile due to and due from balances annually.
- B:              Responsible for implementing the corrective action plan will be the Comptroller
- C:              July 1, 2023

Respectfully,

A blue ink signature of Sean J. Tindell, consisting of stylized initials and a surname.

Sean J. Tindell  
Commissioner

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MISSISSIPPI DIVISION OF  
**MEDICAID**

**FINANCIAL AUDIT FINDINGS**

March 8, 2023

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

Dear Mr. White:

We have reviewed the single audit findings below in reference to our fiscal year 2022 audit. Listed below is our response and plan for corrective action.

**AUDIT FINDINGS:**

2022-010 Strengthen Controls Over Financial Reporting and the Schedule of Expenditures of Federal Awards.

**Response:**

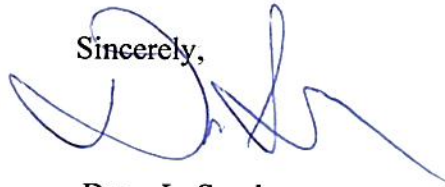
The Division of Medicaid (DOM) does not concur with this finding. While it is true that the expenditures on the Schedule of Expenditures of Federal Awards (SEFA) and in MAGIC did not agree to the CMS-64 report, proper adjustments, that align with instructions provided by the MS Department of Finance and Administration (DFA), were made to correct this issue.

A deposit was not correctly posted in MAGIC by 06/30/2021, so it was accrued in FY2021 through GAAP entries as federal revenue. The entry amount was included in the PMS report in July 2021. However, it was FY2021 federal revenue for a FY2021 expenditure. DOM agrees that the SEFA receipts and MAGIC did not match receipts per PMS, but DOM is not aware of a policy that requires these to match. Additionally, per the DFA MAAP manual, the receipts on the SEFA should agree to the amounts recorded during the fiscal year in account 42100000 in MAGIC. The balance in account 42100000 is \$5,058,075,774.77, which is the amount reported per DOM in the current fiscal year receipts column on the SEFA. The OSA adjusted grant schedule reported \$5,093,308,401, which does not equal account 42100000 as required by DFA.

**Corrective Action Plan:**

- A. Not applicable
- B. Christine Woodberry
- C. Not applicable
- D. DOM followed DFA's instructions to correct the initial error when identified by DOM. As a result, DOM believes no corrective action needed. If new guidance is issued by DFA or OSA, DOM will follow that guidance.

Sincerely,



Drew L. Snyder  
Executive Director



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

**Auditor's note to the Corrective Action Plan from Mississippi Division of Medicaid (MDOM) Management**

**Division of Medicaid *Material Weakness***

**2022-010      Strengthen Controls Over the Preparation and Review of the Schedule of Expenditures of Federal Awards.**

While MDOM states that they do not concur with the finding, in reading the Corrective Action Plan they do concur that the amount needed adjustment because it was materially misstated. The amount per the SEFA agreed with amount per MAGIC; however, both amounts were incorrect and did not agree with the amount reported on the federal report – which was the correct amount. The adjustment, agreed to by MDOM, adjusted the financials to the correct amount. Therefore, the statements made in the finding are accurate.

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## **FINANCIAL AUDIT FINDINGS**

April 21, 2023

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

Dear Mr. White:

In accordance with your correspondence dated March 22, 2023, the Office of the State Treasurer (OST) is providing the following response for the financial audit finding for the fiscal year ended June 30, 2022.

### **AUDIT FINDINGS:**

#### **Strengthen Controls to Ensure Correct Reports for Equity in Internal Investments are Sent to Department of Finance and Administration to Make the Market Value Adjustment**

**Response:** We concur with this finding and will strengthen controls to ensure correct reports for equity in internal investments are sent to Department of Finance and Administration to make market value adjustments.

#### **Corrective Action Plan:**

- A. OST has strengthened controls to ensure correct reports for equity in internal investments are sent to Department of Finance and Administration to make the market value adjustment. OST has updated internal ACFR instructions noting that upon request of the Earnings Apportionment report as of FY from Department of Finance and Administration, to use the unrealized market value amount "Above/Below" on the Inventory Watermark as the interest amount for the report date requested going forward.



- B. Justin Smith – Director of Investments, Cash Management, & Collateral
- C. July 1, 2023
- D. N/A

Sincerely,

David McRae  
Treasurer  
State of Mississippi



**MISSISSIPPI VETERANS AFFAIRS BOARD**  
OFFICE OF THE EXECUTIVE DIRECTOR  
660 NORTH STREET, SUITE 200  
JACKSON, MISSISSIPPI 39202-3139



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

April 4, 2023

Dear Mr. White:

The Mississippi Veterans Affairs appreciates and thanks your staff for all the assistance and courtesy provided during the audit of this agency. Your recommendations will be incorporated to enhance our internal controls and policies.

**Audit Findings**

1. Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**CFDA Numbers and Program Name**

64.015 Veterans State Nursing Home Care

**Type of Compliance Requirement**

Material Weakness

**Audit Finding Heading**

2022 - 014 Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**Response:** We concur with this finding after receiving clarification from the Department of Finance and Administration and the Office of the State Auditor's.

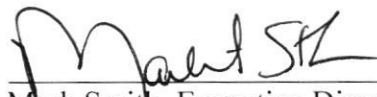
**Corrective Action Plan:**

- A. The Chief Financial Officer will submit all financial data for the GAAP reporting packets and ensure necessary adjustments and corrections are accurately reported.
- B. The Chief Financial Officer will ensure the preparation of reviewing and recording federal award expenditures are maintained and tracked accordingly.
- C. The Mississippi Veterans Affairs Internal Auditor will monitor the Finance Department

internal processes and procedures to implement corrective actions for compliance requirements.

- D. Mississippi Veterans Affairs have begun the process of implementing the corrective action plan for FY23 by submission of journal vouchers entries to code funding source as federal revenue.

Signed:

A handwritten signature in black ink, appearing to read "Mark Smith", is written over a horizontal line.

Mark Smith, Executive Director  
Mississippi Veterans Affairs