



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

February 16, 2023

**Financial Audit Management Report**

Robert Taylor, Ed.D, State Superintendent of Education  
Mississippi Department of Education  
P.O. Box 771  
Jackson, MS 39205

Dear Dr. Taylor:

Enclosed for your review are the financial audit finding for the Mississippi Department of Education for the Fiscal Year 2022. In this finding, the Auditor's Office recommends the Mississippi Department of Education:

1. Strengthen controls over the preparation of the Federal Grant Activity Schedule.

Please review the recommendation and submit a plan to implement it by March 2, 2023. The enclosed finding contains more information about our recommendation.

During future engagements, we may review the finding in this management report to ensure procedures have been initiated to address the finding.

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

I hope you find our recommendation enables the Mississippi Department of Education to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Education throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Angela Mire".

Angela Mire, CPA, CFE  
Director, Agency Division  
Enclosures

## FINANCIAL AUDIT MANAGEMENT REPORT

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi Department of Education for the year ended June 30, 2022. These financial statements will be consolidated into the State of Mississippi's *Annual Comprehensive Financial Report*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. In accordance with *Section 7-7-211, Miss. Code Ann. (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

### **Internal Control over Financial Reporting**

In planning and performing our audit of selected accounts included on the financial statements of Mississippi Department of Education as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Mississippi Department of Education'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 opinion on these accounts, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Department of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be 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 did not identify any deficiencies in internal control that we consider 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 deficiency identified in the letter as item **2022-009** to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Department of Education are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Finding and Recommendation**

### **SIGNIFICANT DEFICIENCY**

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

**Repeat Finding**              Yes; 2021-006, 2020-012.

**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 grant amounts, grant numbers, and grant dates that occurred during the fiscal year. During testwork of the Grant Schedule, the auditor noted errors in the 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.
- 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**

MDE 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 undetected 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.

**End of Report**



## 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.

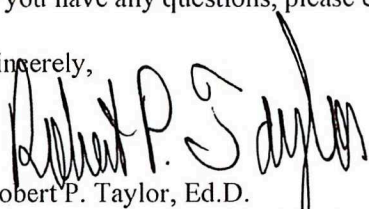
Sheila Franklin-Buie, Executive Director of Accounting

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  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
STATE AUDITOR**

July 20, 2023

**Single Audit Management Report**

Ray Morgigno, Ph.D.  
State Superintendent of Education  
Mississippi Department of Education  
P.O. Box 771  
Jackson, MS 39205

Dear Dr. Morgigno:

Enclosed for your review is the single audit findings for the Mississippi Department of Education for Fiscal Year 2022. In these findings, the Auditor's Office recommends the Mississippi Department of Education:

Single Audit Findings

1. Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements;
2. Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP);
3. Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs.
4. Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements

Please review the recommendations and submit a plan to implement them by July 26, 2023. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance on each major federal program and the results of that testing based on the requirements of *Office of Management and Budget's Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Mississippi Department of Education

July 20, 2023

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I hope you find our recommendations enable the Mississippi Department of Education to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Education. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Angela Mire". The signature is fluid and cursive, with the first name "Angela" and the last name "Mire" clearly distinguishable.

Angela Mire, CPA, CFE  
Director, Financial and Compliance Audit Division  
Enclosures



## **SINGLE AUDIT FINDINGS**

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of the State's major federal programs administered by the Mississippi Department of Education for the year ended June 30, 2022.

Our procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

We have audited the Mississippi Department of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the federal programs selected for audit that are administered by the Mississippi Department of Education for the year ended June 30, 2022.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mississippi Department of Education federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

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). Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State of Mississippi's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mississippi Department of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Mississippi Department of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Mississippi Department of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mississippi Department of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2022-028** to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2022-027, 2022-029, and 2022-030** to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Findings and Recommendations**

**REPORTING**

***Material Weakness***

***Material Noncompliance***

**2022-028** Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements

**ALN Number** 84.010 Title I – Grants to Local Education Agencies  
 84.367 Title II – Supporting Effective Instruction  
 84.425 Education Stabilization Fund

**Federal Award No.** All Current Active Grants

**Federal Agency** United States Department of Education

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** *The Code of Federal Regulations (2 CFR 170, Appendix A(I)(a)(2)(ii)) states a subaward must be reported in FSRS by the last day of the month following the obligation date, which is defined as the date the subaward is signed.*

*The Code of Federal Regulations (2 CFR 170, Appendix A(I)(b)(1)(i)) sets forth the reporting requirements of the Transparency Act that related to subawards under grants. Direct recipients of grants who make first-tier subawards equal to or exceeding \$30,000 are required to report each subaward obligating action equal to \$30,000 or more in Federal funds.*

**Condition** During testwork performed for the Federal Funding Accountability and Transparency Act (FFATA) reporting fiscal year 2022, the auditor noted the following exceptions:

- Fifteen instances out of 15 reports tested for American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER), in which the reports were not submitted within the required timeframe. Of the fifteen (15) subwards tested for the report month of July 2021, all had a subaward action date of 7/27/21. Submission date for these subawards was 3/24/22. Per the compliance supplement, the FFATA reports are required to be submitted no later than the last day of the following month in which the sub-grant is awarded. The deadline for reports reviewed would have been 8/31/21; therefore, all were 205 days late.

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
15	0	15	0	0
Dollar Amount Tested For	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements

Transactions				
\$182,492,391	\$0	\$182,492,391	\$0	\$0

- Mississippi Department of Education (MDE) written policies over FFATA were not updated to reflect the current threshold amount of \$30,000 for first tier subawards.

<b>Cause</b>	MDE personnel did not ensure timely submission of FFATA Reports; MDE personnel did not properly update written policy to reflect federal regulation.
<b>Effect</b>	Failure to submit reports timely can undermine transparency and accountability since the public will not know about these grants awards in an appropriate manner.
<b>Recommendation</b>	We recommend the Mississippi Department of Education (MDE) strengthen controls to ensure compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements.
<b>Repeat Finding</b>	Yes; 2021-035.
<b>Statistically Valid</b>	Yes.

## ALLOWABLE COSTS

### *Significant Deficiency* *Immaterial Noncompliance*

<b>2022-027</b>	<u>Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).</u>
<b>ALN Number</b>	10.558 Child and Adult Care Food Program
<b>Federal Award No.</b>	All Current Active Grants
<b>Federal Agency</b>	United State Department of Agriculture
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	\$6,027
<b>Criteria</b>	<p><i>The Code of Federal Regulations (7 CFR 226.15(e))</i> states, each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records. At a minimum, the following records shall be collected and maintained:</p> <ul style="list-style-type: none"> <li>Documentation of the enrollment of each participant at centers and child at day care homes. Such documentation of enrollment must be updated annually, signed by a parent or legal guardian, and include information on</li> </ul>

each child's normal days and hours of care and the meals normally received while in care.

- Daily records indicating the number of participants in attendance and the daily meal counts, by type (breakfast, lunch, supper, and snacks), served to family day care home participants, or the time of service meal counts, by type (breakfast, lunch, supper, and snacks), served to center participants.
- Copies of invoices, receipts, or other records required by the State agency financial management instruction to document: Administrative costs claimed by the institution; Operating costs claimed by the institution except sponsoring organizations of day care homes; and Income to the Program.

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, "Participants eligible for free or reduced priced meals enrolling after July 1, must have meal applications completed before the end of the month. The category of each participant, as stated on the meal application, is recorded on the Master Roster. Failure to have a complete meal application on file for each enrolled participant will result in the disallowance of meals and repayment of Program funds. ...It is the responsibility of the center staff to review and categorize the application as free, reduced, or denied/paid. The staff must sign and date the application in the "official use only" section."

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, "The United States Department of Agriculture (USDA) issues CACFP reimbursement for organizations based on three categories: free, reduced price and paid. To qualify for the free or reduced-price categories, a family must meet the income level and household size specified on the Income Eligibility Guidelines."

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, "Attendance records verify that participants claimed were actually present. An individual record of each participant's attendance (days present and absent) must be recorded each day. ...Failure to complete and document attendance will result in the disallowance of meals and the repayment of Program Funds. Claiming meals more than documented in attendance will result in the designation of your organization as seriously deficient."

*The Mississippi Department of Education CACFP: Participant Guide* states, "Meal count and attendance records must indicate that meal count totals are never *HIGHER* than attendance totals."

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states "Program operators are required to track an organization's spending and provide a Balance on Hand of CACFP funds independently of other center funds. The State Agency highly recommends opening a separate Checking Account for the tracking of CACFP funds. ... No payments may be made for expenses not directly related to operation



of the CACFP. Any payments of this nature will be disallowed, and the organization will be required to repay all such expenditures.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “Failure to abide by the staffing pattern with the specific staff listed for salaries/wages/benefits will result in the designation of costs as unallowable and the repayment of Program funds.”

*Mississippi Department of Education Office of Child Nutrition Recordkeeping Manual for the Child and Adult Care Food Program (CACFP)* states, “All program records and documentation will be maintained for three years plus the current year.”

<b>Condition</b>	<p>During testwork performed for Activities Allowed and Unallowed &amp; Allowable Costs for CACFP grants for the 2021-2022 year, the auditor noted the following exceptions:</p> <ul style="list-style-type: none"><li>• 29 instances in which documentation for the Free/Reduced Meal Application was not provided or was not completed correctly, resulting in \$2,292 of questioned costs.</li><li>• 16 instances in which meal category claimed did not agree to the participant’s eligible meal category based on the Free/Reduced Meal Application, resulting in \$2,506 of questioned costs.</li><li>• 5 instances in which the meals claimed exceeded the attendance on the sign in/out data, resulting in \$423 of questioned costs.</li><li>• One instance in which salaries paid with CACFP funds exceeded the allowable staffing pattern, resulting in \$806 of questioned costs.</li></ul>
<b>Cause</b>	<p>MDE did not monitor subrecipients properly and ensure that subrecipients are maintaining required supporting documentation as required by written policies and procedures.</p>
<b>Effect</b>	<p>Failure to not properly monitor subrecipients and ensure required supporting documentation is maintained could result in questioned costs and loss of funding.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Department of Education strengthen controls to ensure compliance with allowable costs requirements of the Child and Adult Care Food Program (CACFP).</p>
<b>Repeat Finding</b>	<p>Yes; <b>2021-034</b></p>
<b>Statistically Valid</b>	<p>No.</p>

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## SUBRECEIPIENT MONITORING

### *Significant Deficiency* *Immaterial Noncompliance*

<b>2022-029</b>	<u>Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs.</u>
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**ALN Number** 84.027 Special Education – Grants to States (IDEA, Part B)  
84.173 Special Education – Preschool Grants (IDEA, Preschool)

**Federal Award No.** All Current Active Grants

**Federal Agency** United States Department of Education

**Pass-through Entity** N/A

**Questioned Costs** N/A

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

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

MDE's Office of Special Education Bureau of Monitoring and Technical Assistance (OSE-BMTA) procedures require an on-site monitoring visit of each subgrantee contract based on a four-year rotating cycle and a fiscal monitoring assessment for each subgrantee contract by a five year cycle. The OSE-BMTA written procedures state each monitoring visit will have a monitoring team leader who is responsible for completing the monitoring report and sending the report to the Office of Special Education (OSE) Bureau Director for approval. The monitoring instrument is designed to include all areas of compliance to be monitored and consists of a programmatic portion and a fiscal portion. The written procedures require the monitoring report be provided to the LEA within 30 calendar days of the monitoring visit. The written procedures further state that all noncompliance must be corrected as soon as possible, but in no case more than 12 months from the date of the monitoring report.

**Condition** The Mississippi Department of Education (MDE) did not follow written procedures for the 2020-2021 programmatic and fiscal monitoring cycles and did not perform monitoring visits based on the four-year monitoring cycle for the programmatic portion and the five year monitoring cycle for the fiscal portion, as required by MDE policy. MDE policy requires roughly 35 Local Education Agencies (LEAs) to be included in the cyclical on-site monitoring cycle and approximately 29 LEAs to be included in the cyclical fiscal monitoring cycle each year. During the last completed monitoring cycle, 2020-2021 however, only nine

LEA's received an on-site monitoring visit and only 12 received a Fiscal monitoring assessment.

During testwork over subrecipient monitoring, the auditor tested 2 of the 21 local education agencies (LEAs) that had an on-site or fiscal monitoring assessment for the 2020-2021 monitoring cycle and noted the following:

- Two instances, or 100%, in which the LEA's did not receive timely notification (within 30 calendar days of an on-site monitoring visit) from MDE.
  - The monitoring reports were issued 78 days after the monitoring visit.
- One instance or 50% in which there was no documentation of the monitoring instrument.

<b>Cause</b>	MDE did not follow written policies related to their subrecipient monitoring requirements.
<b>Effect</b>	MDE programmatic funding divisions rely upon on-site monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients and ensure closure of the monitoring visits in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.
<b>Recommendation</b>	We recommend the Mississippi Department of Education strengthen controls to ensure compliance with subrecipient monitoring requirements for the Special Education Cluster Programs.
<b>Repeat Finding</b>	Yes, 2021-037.
<b>Statistically Valid</b>	Yes.

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## SPECIAL TEST & PROVISIONS – PARTICIPATION OF PRIVATE SCHOOL CHILDREN

### *Significant Deficiency* *Immaterial Noncompliance*

<b>2022-030</b>	<u>Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements.</u>
<b>ALN Number</b>	84.425 Education Stabilization Fund (ESSER)
<b>Federal Award No.</b>	All Current Active Grants
<b>Federal Agency</b>	United States Department of Education
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	N/A

<b>Criteria</b>	<p><i>The Elementary and Secondary Education Act Section 1117 (c)(1)</i> states, “A local educational agency shall have the final authority, consistent with this section, to calculate the number of children, ages 5 through 17, who are from low-income families and attend private schools by— (A) using the same measure of low income used to count public school children; (B) using the results of a survey that, to the extent possible, protects the identity of families of private school students, and allowing such survey results to be extrapolated if complete actual data are unavailable; (C) applying the low-income percentage of each participating public school attendance area, determined pursuant to this section, to the number of private school children who reside in that school attendance area; or (D) using an equated measure of low income correlated with the measure of low income used to count public school children.”</p> <p><i>The CARES Act Section 18005(a)</i> states “a local educational agency receiving funds under sections 18002 or 18003 of this title shall provide equitable services in the same manner as provided under section 1117 of the ESEA of 1965 to students and teachers in non-public schools, as determined in consultation with representation of non-public schools.”</p> <p><i>The 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) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that an agency maintain an audit trail to ensure adherence to written policies and procedures.</p>
<b>Condition</b>	<p>During testwork performed for Special Tests Participation of Private School Children for ESF (ESSER), auditor noted the following exceptions:</p> <ul style="list-style-type: none"><li>• One instance out of two tested in which the LEA received notice that the two private schools in their district revoked their intent to participate, however the LEA still claimed reimbursement for equitable services ESSER funds.</li></ul>
<b>Cause</b>	<p>MDE did not follow written policies related to equitable services.</p>
<b>Effect</b>	<p>Failure to review the proper documentation to support the data submitted by the LEA on their Consolidated Application prior to MDE’s Office of Federal Programs approval may result in improper payment to the LEAs which could also reduce the amount of future funding of ESSER.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Department of Education strengthen controls to ensure compliance with equitable participation of private school children requirements.</p>
<b>Repeat Finding</b>	<p>No.</p>
<b>Statistically Valid</b>	<p>Yes.</p>

**End of Report**



## MISSISSIPPI DEPARTMENT OF EDUCATION

Raymond C. Morgigno, Ph.D.  
*Interim State Superintendent of Education*

### SINGLE AUDIT FINDINGS

July 27, 2023

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

Dear Mr. White:

The Mississippi Department of Education (MDE) has reviewed the single audit findings for the for the fiscal year ending June 30, 2022, and provides the following response and corrective action plan.

#### AUDIT FINDINGS:

10.558 Child and Adult Care Food Program

Allowable Cost

**2022-027**      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).

Response:      The MDE does not concur with this finding. The OSA did not identify weaknesses in the MDE subrecipient monitoring process, such as in the selection of organizations, the monitoring cycle, or monitoring procedures. Instead, OSA identified potential errors made by individual participating organizations.

The MDE has a robust system of internal controls and subrecipient monitoring system for the CACFP. In addition to meeting USDA requirements for monitoring, the MDE Office of Child Nutrition (OCN) also employs a risk-based process to select CACFP subrecipients for review and to determine the scope of monitoring. The MDE routinely exceeds the USDA requirement to monitor 33.3% of participating organizations annually. For Program Year (PY) 2021-2022, 60.3% of participating organizations were reviewed to provide additional oversight of



subrecipients. When the MDE identifies instances of noncompliance, it requires participating organizations to take appropriate corrective action. For organizations that are very high-risk, the MDE employs the USDA Serious Deficiency process in accordance with 7 C.F.R. 226.6.

The MDE already has a process to recover funds from an organization if an error is discovered during subrecipient monitoring. In PY 2022, the MDE assessed \$132,207 in repayments of USDA funds and required an additional \$40,577 in unallowable costs to be returned to local CACFP accounts.

Finally, MDE staff was not included in the reviews of subrecipients by OSA, so the MDE was unable to verify the accuracy of the proposed unallowable costs before publication of the report from OSA. MDE staff will need to review documentation from OSA, and source documentation retained at CACFP sites before it can make a final determination regarding the potential unallowable cost determinations against sponsors.

Corrective Action Plan:

- A. The MDE will review documentation provided by OSA of potential questioned costs and review source documentation held by the subrecipients to determine the amount of unallowable costs. If confirmed, the MDE will recover any unallowable costs in accordance with USDA policies. This review will be completed by January 22, 2024. Susie Evans, CACFP Director for the MDE OCN, will oversee the review.
- B. The MDE will continue to assess its CACFP monitoring and continue to strengthen the process while remaining in compliance with USDA regulations.



84.010 Title I – Grants to Local Education Agencies  
84.367 Title II – Supporting Effective Instruction  
84.425 Education Stabilization Fund

## Reporting

### **2028-028**     Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements

**Response:**     The MDE does not concur with this finding. The MDE maintains a process to report FFATA information timely. The MDE is hampered in its reporting, however, by known issues to the FFATA reporting system. For example, if the MDE needs to revise a report it must submit a request to the FSRS Helpdesk to delete the previously-uploaded report before it can upload a revised report. This revised report is required when entities DUNS/UEI became valid and/or when allocations were revised. In these instances, the reporting date will be the date of the revised report, rather than the original report.

The MDE made good faith efforts to upload this information in a timely manner. Unfortunately, the FSRS system cannot provide the transactions on each federal award to show when an original file was uploaded into the system or provide a report on the end-user activity in the system. In addition, the FSRS system experiences frequent system errors that prevent the MDE from uploading its reports in a timely fashion. Thus, the MDE is unable to demonstrate exactly when the file was initially submitted to the FSRS system or upload files that are timely prepared.

These common reporting and system issues are known by and affect all users. Until these issues are corrected, the MDE may continue to experience difficulty in uploading reports. All current reports have been uploaded and are visible within the FSRS system.

### Corrective Action Plan:

- A. The MDE will maintain a copy of the PDF file of the upload for the initial submission and will electronically provide a date stamp on the document indicating its upload. This process was implemented on June 30, 2023, and is monitored by Elisha Campbell, Executive Director.

84.027 Special Education – Grants to States (IDEA, Part B)

84.173 Special Education – Preschool Grants (IDEA, Preschool)

### Subrecipient Monitoring

**2022-029**      Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs.

Response      The MDE Office of Special Education (OSE) acknowledges the findings identified by the Office of the State Auditor's as described above. MDE OSE has maintained the review of the Single Audits and provided follow-up on corrections needed by LEAs with funding under IDEA programs. In addition, MDE OSE provides technical assistance to LEAs regarding such. Further, MDE OSE utilizes the District Determinations (SPP/APR) data to provide proactive technical assistance to LEAs.

During the 2020-2021 school year, MDE OSE conducted cyclical monitoring to the best of its ability given school closures related to the COVID-19 pandemic. During SY 20-21, the existing procedure required onsite visits for every monitoring activity. However, during that time, and under the guidance of the National Center for Systemic Improvement (NCSI), MDE OSE monitored LEAs via Special Education Determination Reports, Mississippi Comprehensive Automated Performance-based System (MCAPS) funding application review, and Formal State Complaints using previous procedures while MDE OSE developed new procedures and risk assessments. Additionally, with the onset of COVID-19, the districts and state agencies faced challenges in meeting monitoring requirements and timelines during the first six months of the 2020-2021 school year due to health and safety restrictions. In its implementation of new procedures and risk assessments, MDE OSE has incorporated broad revisions to the agency's subrecipient monitoring procedures and made a significant investment in building the capacity of new OSE management team members to monitor subrecipient compliance and ensure that subawards are used for authorized purposes. Those newly developed procedures were piloted during the 2021-2022 school year, finalized in May 2022, and fully implemented for school year 2022-2023.

It should be noted that in June 2023, the MDE OSE received a program determination letter (PDL) from the U.S. Department of Education (US DOE), Office of Special Education and Rehabilitative Services (OSERS) that resolved a similar finding 2021-037 from Audit 04-21-39984 conducted by the State of Mississippi, Office of the State Auditor. The corrective actions included in finding 2021-037 are the same as those seen below. The PDL indicated that the MDE OSE produced evidence of revised systems to ensure compliance with the agency's requirements for subrecipient monitoring.



Corrective Action Plan:

- A. The MDE OSE will continue the programmatic and cyclical monitoring of LEAs that began as a pilot in the spring of 2020. The newly implemented procedures will be utilized fully in the 2022-2023 school year.
- B. The MDE OSE will continue to complete the risk-based assessment, that includes the SPP/APR data, each year as universal monitoring of all LEAs to identify those in need of intensive intervention and support.
- C. The MDE OSE will continue to review, approve and monitor budgets and expenditures through the Mississippi Comprehensive Automated Performance-based System (MCAPS) to oversee the use of IDEA grant funds to subrecipients.
- D. The MDE OSE has established a procedure of virtual self-assessment via desk audits if the process is once again interrupted due to health and safety concerns.

84.425 Education Stabilization Fund (ESSER)

**Special Test & Provisions – Participation of Private School Children**

**2022-030**      Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements

**Response**      The MDE does not see the finding as a systemic problem with the program. The two non-public schools initially participated in the ESSER I Equitable Services, and the LEA provided services. However, when USDE revoked the Interim Final Rule, the two non-public schools decided to no longer participate. Services were offered before the non-public school's decision not to participate.

**Corrective Action Plan**

- A. The MDE will continue to work with and provide trainings to subrecipients to follow the established procedures and update monitoring procedures, as necessary, to ensure efficiency and effectiveness.

Thank you for the opportunity to provide the above response.

Sincerely,



Raymond C. Morgigno, Ph.D.  
Interim, State Superintendent of Education