



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

March 21, 2023

Financial Audit Management Report

Mark Smith, Executive Director
Mississippi Veterans Affairs
660 North Street
Jackson, MS 39271

Dear Mr. Smith:

Enclosed for your review is the financial audit finding for the Mississippi Veterans Affairs for the Fiscal Year 2022. In this finding, the Auditor's Office recommends the Mississippi Veterans Affairs:

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

Please review the recommendation and submit a plan to implement it by March 31, 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 this finding.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mississippi Veterans Affairs 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 Veterans Affairs 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 Veterans Affairs to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Veterans Affairs 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". The signature is fluid and cursive, with the first name "Angela" being more prominent than the last name "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 Veterans Affairs 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 the Mississippi Veterans Affairs 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 Veterans Affairs 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 Veterans Affairs 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, we identified certain deficiencies in internal controls, identified in this letter as item **2022-014** that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Finding and Recommendation

Material Weakness Material Noncompliance

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

Repeat Finding Yes, 2021-051, 2020-040.

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.”

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 *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 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 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 three 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 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.



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.

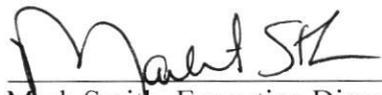
Corrective Action Plan:

- 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". The signature is written in a cursive style with a large initial "M".

Mark Smith, Executive Director
Mississippi Veterans Affairs

**PROGRAM SPECIFIC AUDIT OF THE VETERANS STATE NURSING
HOME CARE OF THE
MISSISSIPPI VETERANS AFFAIRS
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)
YEAR ENDED JUNE 30, 2022**



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**MISSISSIPPI VETERANS AFFAIRS
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SCHEDULE PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mississippi Veterans Affairs
(A Department of the State of Mississippi)
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of Expenditures of Federal Awards (SEFA) for the Veterans State Nursing Home Care of the Mississippi Veterans Affairs (the Department), a Department of the State of Mississippi, as of and for the year ended June 30, 2022, and the related notes to the Schedule, which collectively comprise the Department's basic Schedule, and have issued our report thereon dated July 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-014 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's Schedule are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. 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*.

Mississippi Veteran Affairs Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the other auditing procedures applied in the audit of the Schedule and, accordingly, we express no opinion on the response.

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 entity'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.



CliftonLarsonAllen LLP

Baltimore, Maryland
July 19, 2023



INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Report on the Audit of the Schedule of Expenditures of Federal Award

Opinion

We have audited the accompanying Schedule of Expenditures of Federal awards (the Schedule) for the Veterans State Nursing Home Care of the Mississippi Department of Veterans Affairs (the Department), a Department of the State of Mississippi, for the year ended June 30, 2022, and the related notes to the Schedule.

In our opinion, the Schedule presents fairly, in all material respects, the expenditures of federal awards for the Veterans State Nursing Home Care of the Department for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Schedule

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

Auditors' Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2023, on our consideration of the Schedule of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
July 19, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
WHEN USING THE PROGRAM SPECIFIC OPTION TO SATISFY THE
UNIFORM GUIDANCE REQUIREMENTS**

Mississippi Department of Veterans Affairs
(A Department of the State of Mississippi)
Jackson, Mississippi

Report on Compliance for Veterans State Nursing Home Care

Qualified Opinion on Veterans State Nursing Home Care

We have audited the Veterans State Nursing Home Care of the Mississippi Department of Veterans Affairs' (the Department), a Department of the State of Mississippi, 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 Veterans State Nursing Home Care for the year ended June 30, 2022.

Qualified Opinion on Veterans State Nursing Home Care

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Veterans State Nursing Home Care for the year ended June 30, 2022.

Basis for Qualified Opinion on Veterans State Nursing Home Care

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Department's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Veterans State Nursing Home Care

As described in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding Assistance Listing No. 64.015 Veterans State Nursing Home Care as described in finding number 2022-033 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to that program.

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 the Veterans State Nursing Home Care.

Auditors' Responsibilities for the Audit of Compliance

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 Department'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 GAAS, *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 the Department's compliance with the requirements of the federal program.

In performing an audit in accordance with GAAS, *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 the Department'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 the Department'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 the Department'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-033. Our opinion on Veterans State Nursing Home Care is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-033 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland
July 19, 2023

**MISSISSIPPI VETERANS AFFAIRS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor, Program, or Cluster Title	Federal Assistance Listing Number	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Veterans Affairs			
Veterans State Nursing Home Care	64.015	\$ 32,553,863	\$ -
Total		<u>\$ 32,553,863</u>	<u>\$ -</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

MISSISSIPPI VETERANS AFFAIRS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity for the Veterans State Nursing Home Care and do not represent all of the federal expenditures of the Mississippi Veterans Affairs. The Schedule is presented on an accrual basis of accounting in accordance with *Generally Accepted Accounting Principles*.

The information in this Schedule is also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic Schedule.

Expenditures of the Veterans State Nursing Home Care are made for the purposes specified by the grantor and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of the Mississippi Veterans Affairs.

NOTE 2 INDIRECT COSTS

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

**MISSISSIPPI VETERANS AFFAIRS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Schedule of Expenditures of Federal Awards

- | | |
|---|---|
| 1. Type auditors' report issued: | Umodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | _____ <u>X</u> _____ yes _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes _____ <u>X</u> _____ none reported |
| 3. Noncompliance material to the Schedule noted? | _____ <u>X</u> _____ yes _____ no |

Federal Awards

- | | |
|--|---|
| 1. Internal control over federal program: | |
| • Material weakness(es) identified? | _____ <u>X</u> _____ yes _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes _____ <u>X</u> _____ none reported |
| 2. Type of auditor's report issued on compliance for federal program: | Qualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | _____ <u>X</u> _____ yes _____ no |

Identification of Federal Programs

ALN Number(s)	Name of Federal Program or Cluster
64.015	Veterans State Nursing Home Care

**MISSISSIPPI VETERANS AFFAIRS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-014	<u>Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.</u>
Type of Finding:	Material Weakness in Internal Control over Compliance
Repeat Finding	Yes, 2021-051, 2020-040.
Criteria	<p><i>The Code of Federal Regulations (2 cfr §200.510(b))</i> states, in part “the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee’s Schedule which must include the total Federal awards expended as determined in accordance with §200.502.”</p> <p><i>Code of Federal Regulations (2 CFR §200.502(a))</i> 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.”</p> <p><i>The Internal Control – Integrated Framework</i>, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that a satisfactory control environment is only effective when 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.</p> <p><i>The Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 27.30.60</i> 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.”</p>
Condition	During the audit for the statewide ACFR, auditors noted that ALN 64.015 was not listed on the Schedule of Expenditures of Federal Awards (SEFA). The auditor requested the information from Mississippi Veterans Affairs (MSVA) and adjusted the SEFA accordingly.
Cause	Management at MSVA is relatively new and did not realize the federal monies received required the agency to prepare a SEFA.

**MISSISSIPPI VETERANS AFFAIRS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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 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.

Views of responsible officials: There is no disagreement with the audit finding.

**MISSISSIPPI VETERANS AFFAIRS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL PROGRAMS SELECTED BY
THE OFFICE OF THE STATE AUDITOR (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Condition	The Department failed to report all federal program expenditures on its Schedule of Expenditures of Federal Awards (SEFA). During the audit for the statewide ACFR, the auditors noted that the SEFA from the Department was incomplete and did not contain the federal expenditures for ALN #64.015.
Questioned costs	None noted
Context	Not applicable to the finding.
Cause	Management at MSVA is relatively new and did not realize the federal monies received required the agency to prepare a SEFA.
Effect	The Department is not compliant with federal and State report requirements for federal expenditures. Inaccurate reporting of federal program expenditures may result in unreliable and inaccurate reporting to the state and federal oversight organizations, as well materially affect the State's risk assessment over major federal programs.
Recommendation	We recommend that The Department review and enhance procedures over accounting for and reporting federal program expenditure activity. The Department's enhancement to the procedures should strengthen internal controls over the preparation and review of the SEFA to ensure that all grant award information and related expenditures are complete and accurate.

Views of responsible officials: There is no disagreement with the audit finding.



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



**DEPARTMENT OF VETERANS AFFAIRS
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

The Department of Veterans Affairs respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021-June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Department of Veterans Affairs

2022-033 Veterans State Nursing Home Care – Assistance Listing No. 64.015
Recommendation: We recommend that The Department review and enhance procedures over accounting for and reporting federal program expenditure activity. The Department's enhancement to the procedures should strengthen internal controls over the preparation and review of the SEFA to ensure that all grant award information and related expenditures are complete and accurate.
Explanation of disagreement with audit finding: There is no disagreement with the audit finding.
Action taken in response to finding: Mississippi Veterans Affairs will submit all financial data for the GAAP reporting packets and ensure necessary adjustments and corrections are accurately reported. The preparation of reviewing and recording federal awards expenditures will be maintained and tracked accordingly. The Mississippi Veterans Affairs Internal Auditor will monitor the Finance Department internal processes and procedures to implement corrective actions for compliance requirements.
Name(s) of the contact person(s) responsible for corrective action: Demetrice Watts
Planned completion date for corrective action plan: December 31, 2023

If the State Auditor has questions regarding this plan, please call Demetrice Watts at 601-576-4859 or Edward Williams at 601-576-4862.