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**REPORTS ON FEDERAL PROGRAMS OF THE  
MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
(A DEPARTMENT OF THE STATE OF MISSISSIPPI)  
SELECTED BY THE  
OFFICE OF THE STATE AUDITOR  
YEAR ENDED JUNE 30, 2023**



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

Chris Howard, Executive Director  
And Office of the State Auditor  
Mississippi Department of Rehabilitation Services  
(A Department of the State of Mississippi)  
Madison, 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) of Mississippi Department of Rehabilitation Services (the Department), a Department of the State of Mississippi, and for the year ended June 30, 2023, and the related notes to the schedule and have issued our report thereon dated June 19, 2024.

**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 opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the Department's schedule is 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*.

### ***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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 19, 2024



## **INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR**

Chris Howard, Executive Director  
And Office of the State Auditor  
Mississippi Department of Rehabilitation Services  
(A Department of the State of Mississippi)  
Madison, Mississippi

### **Report on the Audit of the Schedule of Expenditures of Federal Awards**

#### ***Opinion***

We have audited the accompanying Schedule of Expenditures of Federal awards (the Schedule) for federal programs selected by the Office of the State Auditor of Mississippi Department of Rehabilitation Services (the Department), a Department of the State of Mississippi, for the year ended June 30, 2023, and the related notes to the Schedule as listed in the table of contents.

In our opinion, the Schedule presents fairly, in all material respects, the expenditures of federal awards for the programs selected by the Office of the State Auditor of the Department for the year ended June 30, 2023, 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); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's 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 is 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*, 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 June 19, 2024, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 19, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM SELECTED BY THE OFFICE OF THE STATE AUDITOR AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Chris Howard, Executive Director  
And Office of the State Auditor  
Mississippi Department of Rehabilitation Services  
(A Department of the State of Mississippi)  
Madison, Mississippi

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

**Opinion on Each Major Federal Program**

We have audited the Mississippi Department of Rehabilitation Services (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 each of the Department's major federal programs selected by the Office of the State Auditor for the year ended June 30, 2023. The Department's major federal programs selected by the Office of the State Auditor are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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.

### ***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 Department's federal programs.

### ***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 each major federal program as a whole.

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 instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-007 and 2023-008. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Department's response to the noncompliance findings 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

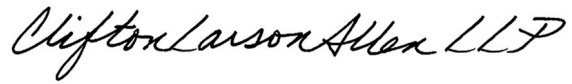
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-007 and 2023-008 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Department's response to the internal control over compliance findings 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 responses.

Mississippi Department of Rehabilitation Services  
(A Department of the State of Mississippi)

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 19, 2024

**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITOR  
YEAR ENDED JUNE 30, 2023**

Federal Grantor, Program, or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures	Pass through To Subrecipient
<b>Social Security Administration</b>			
Social Security and Disability Insurance Cluster	96.001	\$ 22,409,620	\$ -
Total Social Security and Disability Insurance Cluster		<u>22,409,620</u>	<u>-</u>
Total Social Security Administration		<u>22,409,620</u>	<u>-</u>
 Total		 <u><u>\$ 22,409,620</u></u>	 <u><u>\$ -</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FEDERAL PROGRAMS SELECTED BY THE OFFICE OF THE STATE AUDITORS  
JUNE 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards for the Social Security and Disability Insurance Cluster (the Schedule) includes the federal grant activity for federal programs reported in the schedule. The program was selected for audit by the Office of the State Auditor and do not represent all of the federal expenditures of Mississippi Department of Rehabilitation Services (the Department). 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 Financial Statements.

Expenditures of selected federal award grant funds 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 Department.

**NOTE 2 INDIRECT COSTS**

The Department did not elect to use the 10% de minimis cost rate for indirect costs.

**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FEDERAL PROGRAMS SELECTED BY THE  
OFFICE OF THE STATE AUDITOR  
YEAR ENDED JUNE 30, 2023**

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***Section I – Summary of Auditors' Results***

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***Schedule of Expenditures***

1. Type auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes          X       no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes          X       none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes          X       no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes          X       no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?       X       yes    \_\_\_\_\_ none reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?       X       yes    \_\_\_\_\_ no

***Identification of Federal Program***

<b>ALN Number(s)</b>	<b>Name of Federal Program or Cluster</b>
96.001, 96006	Social Security and Disability Insurance Cluster



**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FEDERAL PROGRAMS SELECTED BY THE  
OFFICE OF THE STATE AUDITOR (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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<b>Reference Number:</b>	2023 – 007
<b>Federal Agency:</b>	Social Security Administration
<b>State Department:</b>	Mississippi Department of Rehabilitation
<b>Federal Program Title:</b>	Social Security – Disability Insurance & Supplement Security income
<b>Assistance Listing Number:</b>	96.001, 96.006
<b>Compliance Requirement:</b>	Period of Performance
<b>Award Period:</b>	2104MSD100 (10/1/2020-9/30/2021) 2204MSD100 (10/1/2021-9/30/2022) 2304MSD100 (10/1/2022-9/30/2023)
<b>Type of Finding:</b>	Significant Deficiency in Internal Control over Compliance and other matters

**Criteria or specific requirement:**

*Compliance:* A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

*Internal Control:* Per 2 CFR section 200.303(a), a non-Federal entity must: "Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States or the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FEDERAL PROGRAMS SELECTED BY THE  
OFFICE OF THE STATE AUDITOR (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**Condition:**

Program expenditures were not charged to the grant within the period of performance.

We identified the following:

1. Two expenditures changed to the grant prior to the start of the grant,
  - Expenditure in the amount of \$9,403 occurred on 7/1/2022 and was charged to the 2023 grant with an effective start date of 10/1/2022.
  - Expenditure in the amount of \$1,320.58 occurred on 7/20/2022 and was charged to the 2023 grant that had an effective start date of 10/1/2022.

Three expenditures charged after the grant's end date.

- Expenditure in the amount of \$49.68 occurred on 8/23/2022 and was charged to the 2021 grant that had an effective ending date of 9/30/2021.
- Expenditure in the amount of \$2,729.60 occurred 9/26/2022 and was charged to the 2021 grant that had an effective ending date of 9/30/2021.
- Expenditure in the amount of \$14 occurred 10/11/2022 and was charged to the 2022 grant that had an effective ending date of 9/30/2022.

**Context:**

Two out of the sixty 60 samples selected for testing were charged to the grant prior to the start date. Three out of the sixty samples selected for testing were charged after the ending date of the grant award.

**Questioned Cost:**

\$13,516.86, represents the total expenditures charged to the grant outside of the period of performance.

**Cause:**

The Department charging the grants outside of the period of performance was due to an error that was not identified during the review process.

In addition, one expenditure supported costs for an annual agreement in which the service period started in one grant period and ended in another grant period. The Department elected to charge the costs to the grant starting after to expenditure incurred date, since most of the service would occur during that grant's period.

**Effect:**

The grantor may deem the costs charged outside of the period of performance as unallowable.

**Recommendation:**

We recommend that the department enhance its internal controls to ensure all costs are incurred within the period of performance specified in the notice of award.

**Views of responsible officials:**

Management agrees with the finding.

**MISSISSIPPI DEPARTMENT OF REHABILITATION SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FEDERAL PROGRAMS SELECTED BY THE  
OFFICE OF THE STATE AUDITOR (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

<b>Reference Number:</b>	2023 – 008
<b>Federal Agency:</b>	Social Security Administration
<b>State Department:</b>	Mississippi Department of Rehabilitation Services
<b>Federal Program Title:</b>	Social Security – Disability Insurance & Supplemental Security Income
<b>Assistance Listing Number:</b>	96.001, 96.006
<b>Compliance Requirement:</b>	Allowable Costs
<b>Award Period:</b>	2104MSD100 (10/1/2020-9/30/2021)
<b>Type of Finding:</b>	Significant Deficiency in Internal Control over Compliance other matters.

**Criteria or specific requirement:**

*Internal Control:* Per 2 CFR section 200.303(a), a non-Federal entity must: "Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States or the Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:**

During the period of performance testing, we noted that an expenditure was issued to the wrong provider. Upon review of the approved claim and general ledger, we noted that the disbursement was issued to a different provider.

**Questioned Costs:**

\$14, represents the amount disbursed to the wrong provider.

**Context:**

One out of the sixty samples selected for testing was disbursed to the wrong provider.

**Cause:**

The error was due to a manual data entry error that occurred when the provider payment request was entered in State's account payable module. The error was not identified as a part of the review and approval process.

**Effect:**

The disbursement to the wrong provider was not determined as an allowable since the provider did not submit a payment request. In addition, the Department did not approve the payment to that provider.

**Recommendation:**

We recommend that the department enhance its internal controls to ensure that disbursements are issued to the correct provider.

**Views of responsible officials:**

Management agrees with the finding.





**State of Mississippi**  
**DEPARTMENT OF REHABILITATION SERVICES**

**SINGLE AUDIT FINDINGS**

June 19, 2024

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

Dear Mr. White:

Mississippi Rehabilitation Services respectfully submits the following corrective action plan for the year ended June 30, 2023.

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.

**AUDIT FINDINGS:**

2023-007 Assistance Listing No. 96.001, 96.006 and Social Security Disability Insurance Cluster

Type of Compliance Requirement: Period of Performance

**Internal controls over period of performance were not consistently performed**

**Response:**

Of the five instances noted in the auditor's "Period of Performance" test work, we concur with four. With one of the sample items, however, we argue that since the service was invoiced on a State Fiscal Year, it was impractical to further split the invoice into the various appropriate Federal periods of performance, especially given the way those specific invoices are allocated between other shared program areas within our agency, etc.

**Corrective Action Plan:**

Our agency takes these findings seriously and will continue to evaluate ways of improving controls. At a minimum, it is our intent to increase and provide additional training to the staff overseeing and approving these types of transactions so that they can accurately apply transactions to the appropriate periods. This was something we had already begun (i.e. providing additional guidance and training to staff) during the current fiscal year. So, we hope our agency is already on a corrective path. But, we will continue to push for more training in the immediate future and strive for improvement in all other aspects.

We also think it is important to note that, of the findings identified by the auditors related to "Period of Performance," those items were discovered out of a total sample size of 120 items (i.e. 60 sample items related to their "Period of Performance" test work and 60

sample items related to "General Disbursements" test work). So, a slightly larger sample size than that of the 60 referenced in the auditor's schedule of findings. Additionally, the auditor's sample appeared to selectively target the specific periods and transactions that would have been most susceptible to these types of potential errors. And, although we are not objecting to the way in which the sample was selected, we would just point out that this approach of sample selection may not be truly reflective of a purely random sample covering all transactions across the entire fiscal year. Therefore, although we ultimately concur with the findings here, we do not necessarily believe these results paint the fairest picture on the overall effectiveness of our agency's controls across the more than 100,000 transactions that would have been processed during the period of audit for this program. Again, we take these findings seriously. But, based on the audit test work and results, we feel the controls we have in place are ultimately working adequately enough to mitigate the potential for material misstatements. Regardless, we will continue to monitor and evaluate our controls to help further reduce the risk of these types of issues moving forward..

Planned completion date for corrective action plan: Immediately. But, additional training for managers to be provided by September 30, 2024.

2023-008 Assistance Listing No. 96.001, 96.006 and Social Security Disability Insurance Cluster

Type of Compliance Requirement: Allowable Costs

**Internal Controls over grant disbursements were not consistently performed**

**Response:**

There is no disagreement with the audit finding.

**Corrective Action Plan:**

Item is isolated and immaterial. And, we feel effective controls are in place to mitigate the likelihood of this type of error. We have also, since, reached out to the vendor to redeem the \$14 associated with this transaction. However, we will continue to monitor and reinforce, with our managers, the importance of being vigilant during their review and approval processes for this type of situation.

Planned completion date for corrective action plan: Immediately

**Name(s) of the contact person(s) responsible for corrective actions:**

Andy Salin  
Finance Director  
601-853-5220.

Agency Head:



Billy Taylor, Executive Director