



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

June 28, 2018

**Limited Internal Control and Compliance Review Management Report**

Mr. Billy Dilworth, Executive Director  
Mississippi State Board of Examiners for Social  
Workers  
350 West Woodrow Wilson Avenue, First Floor,  
Suite 761  
Jackson, MS 39213

Dear Mr. Dilworth:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Board of Examiners For Social Workers for the Fiscal Year 2017. In these findings, the Auditor's Office recommends the Board of Examiners For Social Workers:

1. Strengthen controls to Ensure Compliance with State Law over Procurement Card Purchases;
2. Strengthen controls to Ensure Compliance with State Law over Bank Accounts and Cash Receipts;
3. Comply with State Purchasing Laws.

Please review the recommendations and submit a plan to implement them by July 10, 2018. 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.

This report is intended solely for the information and use of management, individuals charged with governance and Members of the Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Board of Examiners For Social Workers  
June 28, 2018  
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I hope you find our recommendations enable the Board of Examiners For Social Workers to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Board of Examiners For Social Workers. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephanie Palmertree". The signature is fluid and cursive, with the first name "Stephanie" and last name "Palmertree" clearly distinguishable.

STEPHANIE PALMERTREE, CPA, CGMA  
Director, Financial and Compliance Audit  
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the Board of Examiners For Social Workers for the year ended June 30, 2017. The Office of the State Auditor's staff members participating in this engagement included Virginia Anderson and Shavonda Lott.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. 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.

In performing our review, we noted a certain matter involving internal control over financial reporting and instances of noncompliance with State laws that require the attention of management. These matters are noted under the heading **OTHER CONTROL DEFICIENCY AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW**. A control deficiency 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.

#### **OTHER CONTROL DEFICIENCY**

**Finding:** Strengthen Controls to Ensure Compliance with State Laws over Procurement Card Purchases.

**Executive Summary:** Multiple instances were noted in which purchases made with procurement cards were not signed by the cardholder at the agency. In addition, there were missing receipts for purchases made, as well as instances in which sales tax was paid on purchases. State regulations require purchases made with the procurement card be confirmed in writing by the cardholder. In addition, state regulations require these purchases as exempt from sales tax.

**Recommendation:** We recommend the Bureau of Examiners for Social Workers strengthen controls over procurement card purchases by requiring personnel to confirm purchases by submitting a signed receipt. Additionally, we recommend the agency notify merchants that purchases made for a government entity are exempt from state and local taxes.

#### **Detailed Analysis:**

Based on test work performed over eight (8) procurement card transactions, we noted the following problems.

- Four (4) instances totaling \$106.09 in which there was no receipt of goods or services on file to support charges recorded on the monthly procurement card statement;
- Seven (7) instances totaling \$1,049.83 in which the agency paid sales tax on purchases; and
- Eight (8) instances totaling \$1,545.98 in which there was no signature on the charge slip/receipt to determine if an authorized user made the purchase.

Section 31-7-9, *Mississippi Code Ann. (1972)*, states the Office of Purchasing, Travel, and Fleet Management at the Department of Finance and Administration (DFA) may adopt purchasing

regulations governing the use of procurement cards. Section II A of the *Mississippi Procurement Card Guidelines* requires the cardholder to obtain an itemized receipt/invoice for each purchase. Section II B of the *Mississippi Procurement Card Guidelines* requires the cardholder to assure a list of the items purchased (either in the form of a detailed sales receipt or an order description) is reviewed and confirmed by the cardholder. Section 27-65-105(a), *Mississippi Code Ann. (1972)*, states that governmental agencies are exempt from state sales tax.

**Finding:** Strengthen Controls to Ensure Compliance with State Laws over Bank Accounts and Cash Receipts.

**Executive Summary:** In order to ensure that State assets (i.e. cash) are effectively and efficiently managed, timely and adequate supervisions and control of those assets must be implemented. We found that bank reconciliations, deposits, and adequate record keeping were not being performed, or not being performed timely. Lack of controls can lead to misappropriated assets, fraud, waste and abuse.

**Recommendation:** We recommend the Bureau of Examiners for Social Workers implement controls, policies, and procedures over cash to ensure compliance with laws over their bank account and assets. Stringent record keeping should be implemented to ensure cash is not misappropriated or misplaced.

Additionally, account balances should be maintained as authorized by Department of Finance and Administration (DFA) and the Office of State Treasurer (Treasury), and transfers to the State Treasury should be made timely in accordance with State law.

Lastly, we recommend Bureau of Examiners for Social Workers ensure all filings to Treasury and DFA are made timely and accurately in accordance with state law.

**Detailed Analysis:** During our review of internal controls over bank accounts and cash receipts at Bureau of Examiners for Social Workers, we noted the following problems.

- One instance in the amount \$4,760 out of ten cash receipts examined in which the transfer to State Treasury was not timely (within 2 business days);
- Monthly bank reconciliation between the bank statements and the agency records were not performed. There was one outstanding check in the amount of \$3,155 that never cleared and consequently, did not transfer to Treasury. There was one deposit made into the clearing account in the amount of \$4,580 that was not recorded on the Cash Receipt log and consequently, did not transfer to Treasury;
- The Public Depository Annual Report was submitted to Treasury twenty-nine (29) days after the due date of July 30, 2017; and
- Agency did not comply with the minimum allowed balance of \$1,000 as approved by DFA and Treasury. The bank clearing account routinely maintained monthly balances that ranged between \$16,279 and \$25,072 all twelve months of the fiscal year.

Section 7-9-21, *Mississippi Annotated Code (1972)*, requires agencies to transfer monies deposited in agency clearing bank accounts to the State Treasury within two days and requires public funds to be deposited into the State Treasury by the end of the next business day following the day the funds are collected.

Section 7-9-12, *Mississippi Annotated Code (1972)*, allows agencies to request authorization from the Department of Finance and Administration (DFA) and the Office of State Treasurer (Treasury) to open a bank account to serve as a collection or clearing account. Each account established shall have a minimum balance to be fixed by Treasury.

Section 27-105-5(6)(b), *Mississippi Annotated Code (1972)*, requires a public depositor to notify the State Treasurer, no later than thirty days after the end of the fiscal year, of its bank account(s) that it has with a qualified public depositor, including the balance in the account(s) as of the fiscal year.

The purpose of bank reconciliations is to provide verification of the accuracy of accounting records. Accurate and timely bank reconciliations are a cornerstone of adequate internal control structure with an organization. Good internal controls require cash receipts to be deposited into the agency's bank account on the day of receipt to reduce the likelihood of loss or theft. Failure to deposit receipts daily could result in the loss of receipts and interest revenue by the state and increase the risk of theft and/or misplacement of funds and noncompliance with State laws.

## **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**

**Finding:** Agency Should Ensure Purchases are Properly Documented and Paid in a Timely Manner.

**Executive Summary:** An instance was noted in which a payment request was not filed timely by the agency. State law dictates a specified time period for timely payment of state obligations.

**Recommendation:** We recommend the Bureau of Examiners for Social Workers ensure compliance with state purchasing laws. Requests for payments should be filed with the Department of Finance and Administration (DFA) timely in accordance with state law.

**Detailed Analysis:** During our review of ten (10) contractual services expenditures at Board of Examiners For Social Workers, we noted one (1) instance in the amount of \$729 in which the payment was not made within 30 days of receipt of the invoice and goods and services as required by state law.

Section 31-7-303, *Mississippi Code Ann. (1972)*, requires payment requests to be filed with the Department of Finance and Administration (DFA) within 30 days of the receipt of the invoice and receipt, inspection and approval of the goods or services. Within the Mississippi Accountability System for Government Information and Collaboration (MAGIC), payment requests are filed with DFA when an agency releases the payment in MAGIC, which routes the payment request to DFA for approval via electronic workflow. Failure to submit payment requests within 30 days of the receipt of the invoice and receipt, inspection and approval of the goods and services could result in additional expenses being incurred by the agency through finance charges.

**End of Report**

**BOARD MEMBERS:**

Spencer Blalock, LCSW,  
Board Chair  
Term expires: 6/30/2019

Jennifer Fulcher, LSW  
Chair for Social Work  
Term expires: 6/30/2022

Jamie L. Osby-Williams, LMFT  
Chair for MFT  
Term expires: 6/30/2019

Gerrard Tarrant, LMFT  
Term expires: 6/30/2022

Brenda Viverette, LSW  
Term expires: 6/30/2020

Christy Ainsworth, LCSW  
Term expires: 6/30/2018

Victoria Murdy, LCSW,  
Term expires: 6/30/2020

Pam Rollins, LMFT  
Term expires: 6/30/2020

Beth Little, LCSW  
Term expires: 6/30/2020

Sharon Adams, LMFT,  
Term expires: 6/30/2022

**EXECUTIVE DIRECTOR**  
Billy Dilworth



**STATE OF MISSISSIPPI**  
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**FOR SOCIAL WORKERS AND MARRIAGE & FAMILY THERAPISTS**

**COMPLIANCE REVIEW FINDINGS**

July 3, 2018

Stacey E. Pickering  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Pickering:

Enclosed for your review are the responses and corrective action plans to the limited internal control and compliance review findings for the Mississippi State Board of Examiners for Social Workers and Marriage and Family Therapists (Board) for Fiscal Year 2017.

**AUDIT FINDINGS:**

**Strengthen Controls to Ensure Compliance with State Laws over Procurement Card Purchases**

**Response:**

The Mississippi Board of Examiners for Social Workers and Marriage and Family Therapists concur with the finding and recommendation of the report. The Board will strengthen controls over procurement card purchases by requiring personnel to confirm purchases by submitting a signed receipt. The Board will also notify merchants that purchases made for a government entity are exempt from state and local taxes.

**Corrective Action Plan:**

- A. The Board will comply with Section 10.112.04(5) of the MS Procurement Manual, and assure that the list of items purchased (charge slips and receipts) be reviewed and signed by the cardholder before it is submitted to Accounts Payable. The Board will comply with Section 27-65-105(a) of the MS Code and Section 10.112.04(4) of the MS Procurement Manual.



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## MISSISSIPPI STATE BOARD OF EXAMINERS

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Cardholder shall notify the merchant that the purchase is being made by a government entity and the Board is exempt from paying state sales tax. The Cardholder will review purchase to insure that sales tax were not added to purchase. The Admin. Assist. V will review all receipts and charge slips to insure that they are signed by the purchaser and tax exempt.

- B. Contact person responsible for the corrective action is Erica Allen, Admin. Assistant V.
- C. Anticipated completion date for corrective action: July 31, 2018.
- D. N/A

### Strengthen Controls to Ensure Compliance with State Laws over Bank Accounts and Cash Receipts

#### **Response:**

The Mississippi Board of Examiners for Social Workers and Marriage and Family Therapists concur with the finding and recommendation of the report. The Board shall implement controls, policies, and procedures over cash to ensure compliance with laws over the Board's bank account and assets. Additionally, the Board account balances will be maintained as authorized by the Department of Finance and Administration (DFA) and the Office of State Treasurer (Treasury) and transfers to the State Treasury should be made timely in accordance with State law. The Board will make all filings to DFA and State Treasury timely and accurately in accordance with State law.

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

- A. The Board will comply with Section 7-9-21 and transfer all deposits from the clearing account to the State Treasury within two (2) business days of receipt. The Executive Director will enter cash receipts into MAGIC, record it into check register, and make transfer to the State Treasury within two (2) business days of receipt.



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Administrative Assistant V and the Executive Director will make bank account reconciliations monthly. The check register will be compared to the monthly bank statement to insure all deposits were recorded and transferred timely. Any errors and corrections will be noted. Reconciliations will be reviewed by the Board's Finance Committee at the Board's scheduled board meetings which are held monthly. The check written to the State Treasury in the amount of \$3,155.00 never cleared. The Board completed a stop payment on that check #3197 on 4/11/2018. As of 4/11/2018, the Board has reduced its clearing account balance below the minimum allowed balance of \$1,000.00 and will continue to comply with Section 7-9-12. The Board will comply with Section 27-105-5(6) and submit the Public Depositors Annual Report to the Treasury on or before July 30th annually.

- B. Contact person responsible for corrective action is Billy Dilworth, Executive Director.
- C. Anticipated completion date for corrective action is July 31, 2018.
- D. N/A

Agency Should Ensure Purchases are Properly Documented and Paid in a Timely Manner

**Response:**

The Board of Examiners for Social Workers and Marriage and Family Therapists concurs with the findings and recommendations of the report. The Board will comply the State purchasing laws and submit request for payment to DFA timely in accordance with state law.

**Corrective Action Plan:**

- A. The Board will file payment request with DFA through the Mississippi Accountability System for Government Information and Collaboration





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(MAGIC) within 30 days of receipt of invoice and receipt, inspection and approval of the goods or services in compliance with Section 31-7-303, MS Code Ann. (1972). The Administrative Assistant V submit payment request to DFA through MAGIC within 30 days of receipt of invoice.

- B. Contact person responsible for the corrective action is Erica Allen, Admin. Assistant V.
- C. Anticipated completion date for corrective action is July 31, 2018.
- D. N/A

Sincerely,

A handwritten signature in blue ink, appearing to read "Billy Dilworth", written over a horizontal line.

Billy Dilworth  
Executive Director