

MISSISSIPPI

Single Audit Report

For the Year Ended June 30, 2001



The Mississippi Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2001

has been issued as a separate document.

OFFICE OF THE STATE AUDITOR
PHIL BRYANT, AUDITOR

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

March 21, 2002

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

I am pleased to submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2001. Our audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996, the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Mississippi's audit requirements.

The Single Audit process requires the coordination and cooperation of many state government entities. We are particularly grateful for the efforts of the Mississippi Department of Finance and Administration in compiling data, other state agencies in assisting in the resolution of single audit issues and the efforts of our own outstanding staff.

I am also pleased to report recognition of two other state achievements in financial accounting and reporting:

- for the fourteenth consecutive year the Government Finance Officers Association of the United States and Canada has awarded its Certificate of Achievement for Excellence in Financial Reporting to the Mississippi Department of Finance and Administration for the state's 2000 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2001.

The Governor, Members of the Legislature
and Citizens of the State of Mississippi
Page 2

Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2001 has been issued and is available electronically at <http://msonline.state.ms.us/> or by writing to the address below:

Mississippi Department of Finance and Administration
Attention: Bureau of Financial Reporting
P. O. Box 267
Jackson, MS 39205

I continue to be encouraged and enthusiastic about the quality of our government's financial reporting. It is a fair and diligent reflection of the importance our state places on taxpayers' money, as well as the dedication of the state's employees and citizens who must safeguard it. We can all be proud that this report represents another one of the many things we do well in Mississippi.

Respectfully submitted,

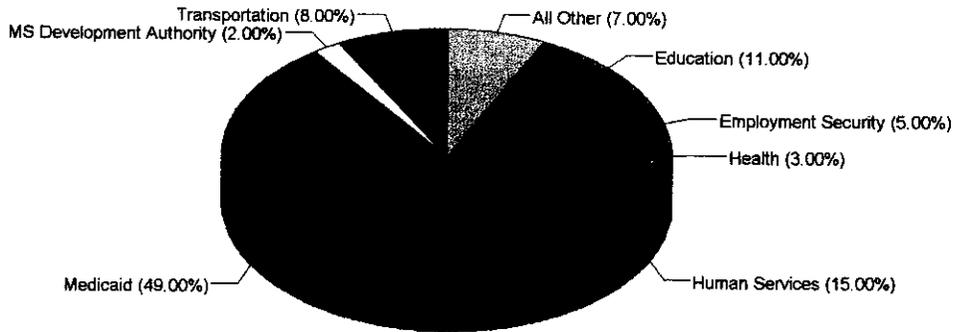
A handwritten signature in black ink, appearing to read "Phil Bryant", written in a cursive style.

PHIL BRYANT
State Auditor

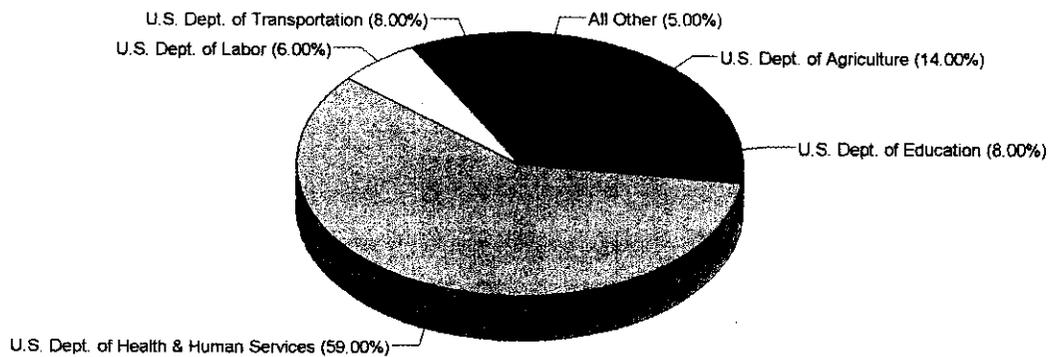
STATE OF MISSISSIPPI

Fiscal Year 2001

Expenditures of Federal Awards by State Grantee Agency



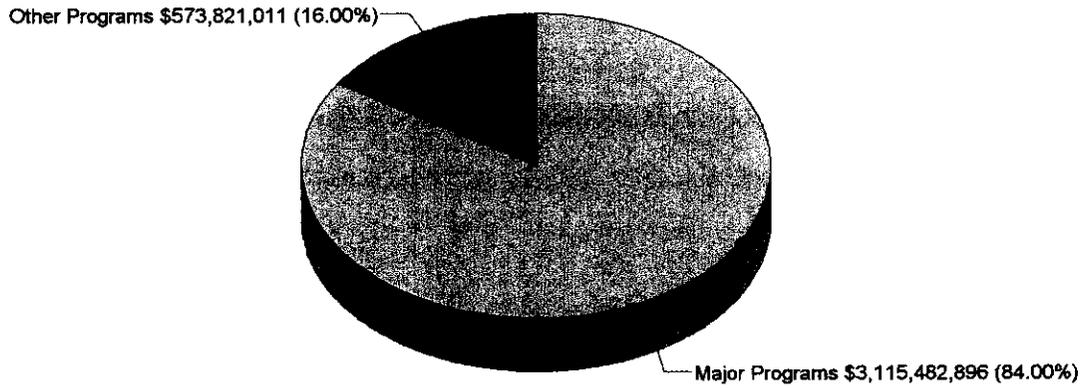
Expenditures of Federal Awards by Federal Department



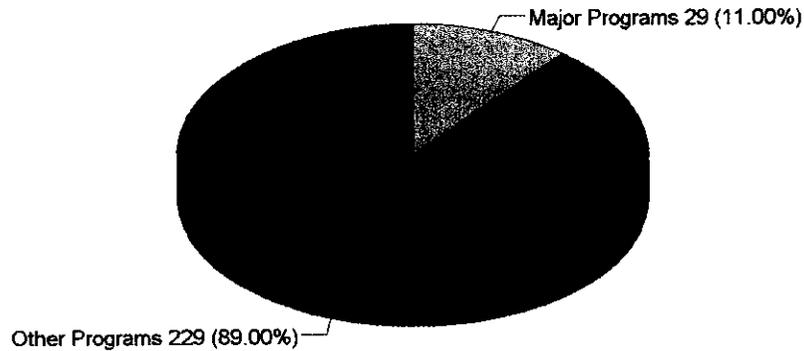
STATE OF MISSISSIPPI

Fiscal Year 2001

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$3,689,303,907

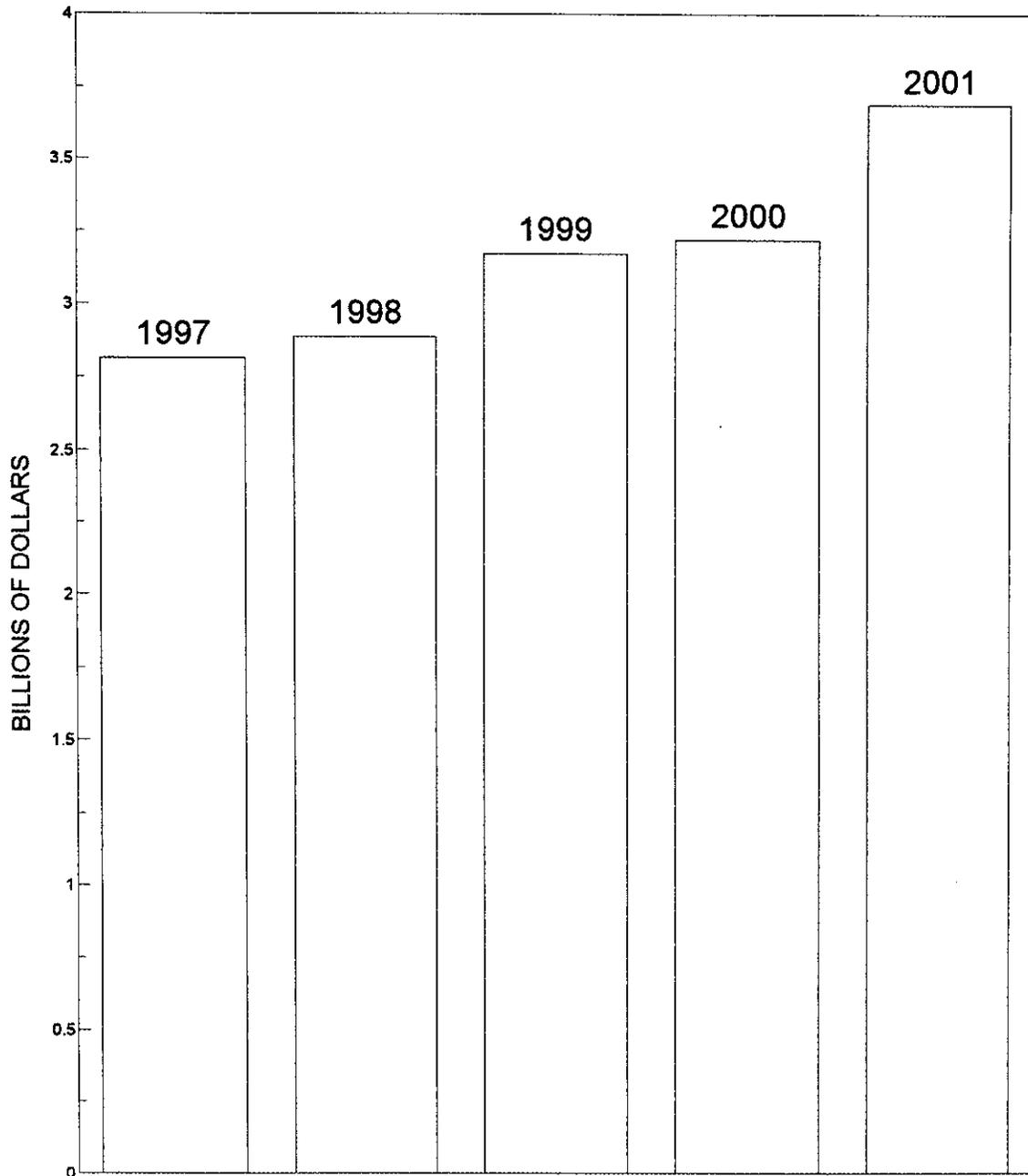


Percentage of Major Program Assistance
258 Programs



STATE OF MISSISSIPPI Total Federal Financial Assistance

Last Five Fiscal Years



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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2001

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I. AUDIT REPORTING





State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

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

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2001, and have issued our report thereon dated December 7, 2001. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain special revenue, expendable trust, internal service and enterprise funds. These financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 76% and 35% of the assets and revenues, respectively, of the special revenue funds; 45% and 12% of the assets and revenues, respectively, of the expendable trust funds; 27% and 4% of the assets and revenues, respectively, of the internal service funds; and 86% and 69% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 9% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, and these special revenue, expendable trust, internal service and enterprise funds, and these certain accounts of the General Fund, is based solely upon the reports of the other auditors.

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.

Compliance

As part of obtaining reasonable assurance about whether the State of Mississippi's general purpose financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 2

Except for university funds, we did not perform tests of compliance with laws, regulations, contracts and grants for the component units of the state. We also did not perform such tests of compliance for the pension trust funds and certain special revenue, expendable trust, internal service and enterprise funds, and certain accounts of the General Fund. Those tests were performed by other auditors, whose reports on compliance with laws and regulations in accordance with *Government Auditing Standards* were furnished to us, and this report, insofar as it relates to the component units other than university funds, pension trust funds, and certain special revenue, expendable trust, internal service and enterprise funds, and certain accounts of the General Fund, was based solely on the reports of the other auditors.

The results of our tests and the reports of other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. The reports of the other auditors on internal controls in accordance with *Government Auditing Standards* were furnished to us, and our consideration of internal controls, insofar as it relates to component units other than university funds, pension trust funds, and certain special revenue, expendable trust, internal service and enterprise funds, and certain accounts of the General Fund, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the university funds which will be presented in a separate report issued by the Office of the State Auditor.

We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions we noted are described on pages 51 and 53 of the accompanying "Schedule of Findings and Questioned Costs: Part 2 - Financial Statement Findings."

Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, based on our audit and the reports of the other auditors, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 01-36 (page 51) to be a material weakness.

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

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 7, 2001

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the State of Mississippi with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The State of Mississippi's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of Mississippi's management. Our responsibility is to express an opinion on the State of Mississippi's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Mississippi's compliance with those requirements.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi or the Mississippi Authority for Educational Television. The audit of these federal programs will be conducted in accordance with the provisions of OMB Circular A-133, and separate reports will be issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 2

In our opinion the State of Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. We did not test the transactions and records of the major federal programs administered by the state's public universities or the Mississippi Authority for Educational Television for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

The results of our auditing procedures, however, disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as item 01-34 (page 66).

In addition, we noted certain other immaterial instances of noncompliance, which we have reported to management of the State of Mississippi in separate communications.

Internal Control over Compliance

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, excluding the federal programs of the state's public universities and the Mississippi Authority for Educational Television as discussed in the third paragraph of this report.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the State of Mississippi's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described on pages 55 through 100 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 3

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider none to be material weaknesses.

We also noted other matters involving internal control over compliance and its operation, which we have reported to management of the State of Mississippi in separate communications.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the State of Mississippi as of and for the year ended June 30, 2001, and have issued our report thereon dated December 7, 2001. Except for university funds, we did not audit the financial statements of the component units of the state. We did not audit the financial statements of the pension trust funds and the related schedule of funding progress and of certain special revenue, expendable trust, internal service and enterprise funds. Those financial statements represent 100% of the plan net assets and changes in plan net assets of the pension trust funds; 76% and 35% of the assets and revenues, respectively, of the special revenue funds; 45% and 12% of the assets and revenues, respectively, of the expendable trust funds; 27% and 4% of the assets and revenues, respectively, of the internal service funds; and 86% and 69% of the assets and revenues, respectively, of the enterprise funds. We also did not audit certain accounts within the General Fund. These certain accounts represent 9% and less than 1% of the assets and revenues, respectively, of the General Fund. These financial statements and accounts were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the component units other than university funds, pension trust funds, and these special revenue, expendable trust, internal service and enterprise funds, and these certain accounts of the General Fund, is based solely upon the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities and the Mississippi Authority for Educational Television from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the schedules. The state's public universities and the Mississippi Authority for Educational Television will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports will be issued.

Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133
Page 4

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the general purpose financial statements of the State of Mississippi and on certain component units, pension trust funds, and certain special revenue, expendable trust, internal service and enterprise funds, and certain accounts within the General fund, respectively, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards by Federal Department and the Schedule of Expenditures of Federal Awards by State Grantee Agency are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the general purpose financial statements. The information in the schedules of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effect of the omission described in the preceding paragraph, the information in the schedules of expenditures of federal awards is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Governor, Members of the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
February 7, 2002, except for the Schedule of Expenditures of Federal Awards, as to which the date is
December 7, 2001.

Schedule of Expenditures of Federal Awards by Federal Department



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
OFFICE OF NATIONAL DRUG CONTROL POLICY			
07. UN	High Intensity Drug Trafficking Area	Narcotics	\$ 310,206
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			310,206
U.S. DEPARTMENT OF AGRICULTURE			
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	Plant Industry /Animal Health	519,152
10. 163	Market Protection and Promotion	Plant Industry	59,643
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,328,014
10. 550@	Food Distribution	Education	9,659,100
10. 557	Special Supplemental Nutrition Program for Women, Infants, and Children	Health	56,107,153
10. 558	Child and Adult Care Food Program	Education	20,407,252
10. 560	State Administrative Expenses for Child Nutrition	Education	1,962,916
10. 564	Nutrition Education and Training Program	Education	664
10. 565	Commodity Supplemental Food Program	Health	44,984
10. 570	Nutrition Program for the Elderly (Commodities)	Human Services	1,618,901
10. 572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture and Commerce	56,878
10. 574	Team Nutrition Grants	Education	38,180
10. 664	Cooperative Forestry Assistance	Forestry Commission	1,731,692
10. 761	Technical Assistance and Training Grants	Employment Security	15
10. 950	Agricultural Statistics Reports	Agriculture and Commerce	113,666
SUBTOTAL			93,648,210
Food Stamp Cluster			
10. 551@	Food Stamps	Human Services	245,984,507
10. 561	State Administrative Matching Grants for Food Stamp Program	Human Services	26,824,258
Total Food Stamp Cluster			272,808,765
Child Nutrition Cluster			
10. 553	School Breakfast Program	Education	31,456,675
10. 555	National School Lunch Program	Education	100,151,155
10. 556	Special Milk Program for Children	Education	6,113
10. 559	Summer Food Service Program for Children	Education	4,975,562
Total Child Nutrition Cluster			136,589,505
Emergency Food Assistance Cluster			
10. 568	Emergency Food Assistance Program (Administrative Costs)	Human Services	613,210
10. 569@	Emergency Food Assistance Program (Food Commodities)	Human Services	4,152,928
Total Emergency Food Assistance Cluster			4,766,138
TOTAL U.S. DEPARTMENT OF AGRICULTURE			507,812,618

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
<u>U.S. DEPARTMENT OF COMMERCE</u>			
11. 303	Economic Development-Technical Assistance	MS Development Authority	25,000
11. 407	Interjurisdictional Fisheries Act of 1986	Marine Resources	55,906
11. 419	Coastal Zone Management Administration Awards	Marine Resources	1,200,187
11. 420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	130,970
11. 434	Cooperative Fishery Statistics	Marine Resources	80,386
11. 452	Unallied Industry Projects	Marine Resources	1,960
11. 454	Unallied Management Projects	Marine Resources	61,021
11. 477	Fisheries Disaster Relief	Marine Resources	373,456
11. 552	Technology Opportunities	Education	8,045
11. 611	Manufacturing Extension Partnership (Passed-through from University of Southern Mississippi. Identification number assigned by the pass-through entity is 0223002401-D10.)	MS Development Authority	75,000
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>2,011,931</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
12. AAD	National Guard Special Military Operations and Projects	Military Department	4,008,799
12. AAF	National Guard Civilian Youth Opportunities Pilot Program	Military Department	2,059,158
12. UN @	Transfer of Excess Personal Property for Counter-Drug Activities	Finance and Administration	107,142
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	Education	140,447
12. UN2	Wildlife Mitigation Projects (Passed-through from U.S.Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01391543S DACW01391500S DACW01392411S DACW01392410S and DACW3891H007S)	Wildlife, Fisheries and Parks	2,046,513
12. 113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Environmental Quality	90,053
12. 400	Military Construction, National Guard	Military Department	6,815,698
12. 401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department	23,809,082
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>39,076,892</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
14. 228	Community Development Block Grants/State's Program	MS Development Authority	35,999,053
14. 231	Emergency Shelter Grants Program	MS Development Authority	1,383,941
14. 239	HOME Investment Partnerships Program	MS Development Authority	12,969,458
14. 241	Housing Opportunities for Persons with AIDS	Health	120,186
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>50,472,638</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	Environmental Quality	79,253
15. 612	Rare and Endangered Species Conservation	Wildlife, Fisheries and Parks	123,318
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	Marine Resources	145,299

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
15. 616	Clean Vessel Act	Marine Resources	92,471
15. 808	U.S. Geological Survey-Research and Data Acquisition	Environmental Quality	10,185
15. 810	National Cooperative Geologic Mapping Program	Environmental Quality	53,376
15. 904	Historic Preservation Fund Grants-In-Aid	Archives and History	854,196
15. 916	Outdoor Recreation-Acquisition, Development and Planning	Wildlife, Fisheries and Parks	247,500
SUBTOTAL			1,605,598
Fish and Wildlife Cluster			
15. 605	Sport Fish Restoration	Marine Resources	3,765,903
15. 611	Wildlife Restoration	Wildlife, Fisheries and Parks	2,917,433
Total Fish and Wildlife Cluster			6,683,336
TOTAL U.S. DEPARTMENT OF THE INTERIOR			8,288,934
U.S. DEPARTMENT OF JUSTICE			
16. UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	344,671
16. 523	Juvenile Accountability Incentive Block Grants	Public Safety	840,315
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	Public Safety	708,975
16. 547	Victims of Child Abuse	Public Safety	333,131
16. 549	Part E-State Challenge Activities	Public Safety	83,965
16. 554	National Criminal History Improvement Program (NCHIP)	Public Safety	478,057
16. 560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	11,715
16. 575	Crime Victim Assistance	Public Safety	2,675,043
16. 576	Crime Victim Compensation	Finance and Administration	399,000
16. 579	Byrne Formula Grant Program	Public Safety	5,341,449
16. 586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	Corrections	39,226
16. 588	Violence Against Women Formula Grants	Public Safety	1,533,757
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	159,492
16. 592	Local Law Enforcement Block Grants Program	Public Safety	554,890
16. 593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	427,410
16. 598	State Identification Systems Grant Program	Public Safety	229,135
16. 607	Bulletproof Vest Partnership Program	Public Safety	60,928
TOTAL U.S. DEPARTMENT OF JUSTICE			14,221,159
U.S. DEPARTMENT OF LABOR			
17. UN2	Job Corps	Employment Security	926,070
17. 002	Labor Force Statistics	Employment Security	658,888
17. 005	Compensation and Working Conditions	Health	18,483
17. 203	Labor Certification for Alien Workers	Employment Security	66,276
17. 225#	Unemployment Insurance	Employment Security	173,448,556
17. 235	Senior Community Service Employment Program	Human Services	879,126
17. 245	Trade Adjustment Assistance-Workers	Employment Security	631,147

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
17. 249	Employment Services and Job Training Pilots - Demonstrations and Research	Education	8,045,980
17. 504	Consultation Agreements	Health	21,876
17. 600	Mine Health and Safety Grants	Education /Environmental Quality	72,442
SUBTOTAL			184,768,844
Employment Services Cluster			
17. 207	Employment Services	MS Development Authority /Employment Security	11,076,111
17. 801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	583,147
17. 804	Local Veterans' Employment Representative Program	Employment Security	972,606
Total Employment Services Cluster			12,631,864
JTPA Cluster			
17. 246	Employment and Training Assistance-Dislocated Workers	MS Development Authority	748,709
17. 250	Job Training Partnership Act	MS Development Authority	454,051
Total JTPA Cluster			1,202,760
WIA Cluster			
17. 258	WIA Adult Program	MS Development Authority	6,413,884
17. 259	WIA Youth Activities	MS Development Authority	6,336,101
17. 260	WIA Dislocated Workers	MS Development Authority	6,876,900
Total WIA Cluster			19,626,885
TOTAL U.S. DEPARTMENT OF LABOR			218,230,353
U.S. DEPARTMENT OF TRANSPORTATION			
20. UN1	Fatal Analysis Reporting System	Public Safety	57,516
20. 005	Boating Safety Financial Assistance	Wildlife, Fisheries and Parks	1,697,097
20. 218	National Motor Carrier Safety	Public Service Commission	1,075,529
20. 219	Recreational Trails Program	Wildlife, Fisheries and Parks	390,922
20. 505	Federal Transit-Metropolitan Planning Grants	Transportation	81,041
20. 509	Formula Grants for Other Than Urbanized Areas	Transportation	2,834,858
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	1,618,831
20. 700	Pipeline Safety	Public Service Commission	126,686
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	60,254
SUBTOTAL			7,942,734
Highway Planning and Construction Cluster			
20. 205	Highway Planning and Construction	Transportation	275,100,455
Total Highway Planning and Construction Cluster			275,100,455

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>	<u>State Grantee Agency</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
20. 500	Federal Transit Cluster Federal Transit-Capital Investment Grants	Transportation	277,578
	Total Federal Transit Cluster		<u>277,578</u>
20. 600	Highway Safety Cluster State and Community Highway Safety	Public Safety	3,313,524
20. 601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	Public Safety	24,510
	Total Highway Safety Cluster		<u>3,289,014</u>
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>286,609,781</u>
	<u>APPALACHIAN REGIONAL COMMISSION</u>		
23. 001	Appalachian Regional Development	Yellow Creek Inland Port Authority	250,000
23. 002	Appalachian Area Development	MS Development Authority	430,891
23. 011	Appalachian State Research, Technical Assistance, and Demonstration Projects	MS Development Authority	128,039
	TOTAL APPALACHIAN REGIONAL COMMISSION		<u>808,930</u>
	<u>GENERAL SERVICES ADMINISTRATION</u>		
39. 003@	Donation of Federal Surplus Personal Property	Finance and Administration	1,188,630
	TOTAL GENERAL SERVICES ADMINISTRATION		<u>1,188,630</u>
	<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>		
45. 024	Promotion of the Arts-Grants to Organizations and Individuals	Arts Commission	40,471
45. 025	Promotion of the Arts-Partnership Agreements	Arts Commission	617,783
45. 026	Promotion of the Arts-Leadership Initiatives	Arts Commission	34,289
45. 164	Promotion of the Humanities-Public Programs	Archives and History	7,804
45. 310	State Library Program	Library Commission	1,732,044
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		<u>2,432,391</u>
	<u>TENNESSEE VALLEY AUTHORITY</u>		
62. UN	Low-Income Pilot Program	Human Services	315
	TOTAL TENNESSEE VALLEY AUTHORITY		<u>315</u>
	<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
64. 124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	90,829
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			90,829
ENVIRONMENTAL PROTECTION AGENCY			
66. 032	State Indoor Radon Grants	Health	30,231
66. 432	State Public Water System Supervision	Health	1,168,170
66. 433	State Underground Water Source Protection	Environmental Quality	169,052
		/Oil and Gas Board	
66. 454	Water Quality Management Planning	Environmental Quality	138,220
66. 458	Capitalization Grants for State Revolving Funds	Environmental Quality	6,898,380
66. 460	Nonpoint Source Implementation Grants	Environmental Quality	2,502,188
66. 461	Wetlands Grants	Secretary of State	143,009
		/Marine Resources	
66. 463	Water Quality Cooperative Agreements	Environmental Quality	302,615
66. 467	Wastewater Operator Training Grant Program (Technical Assistance)	Environmental Quality	27,139
66. 468	Capitalization Grants for Drinking Water State Revolving Fund	Health	8,462,210
66. 470	Hardship Program For Rural Communities	Environmental Quality	483,377
66. 500	Environmental Protection-Consolidated Research	Environmental Quality	96,020
66. 605	Performance Partnership Grants	Environmental Quality	3,803,621
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	Marine Resources	771,632
		/Environmental Quality	
66. 608	One Stop Reporting	Environmental Quality	299,740
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	Plant Industry	648,702
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	75,622
66. 707	TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals	Environmental Quality	391,386
66. 708	Pollution Prevention Grants Program	Environmental Quality	60,000
66. 802	Superfund State Site-Specific Cooperative Agreements	Environmental Quality	247,800
66. 804	State and Tribal Underground Storage Tanks Program	Environmental Quality	182,770
66. 805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,521,624
66. 808	Solid Waste Management Assistance	Environmental Quality	12,300
66. 809	Superfund State Core Program Cooperative Agreements	Environmental Quality	572,096
TOTAL ENVIRONMENTAL PROTECTION AGENCY			29,007,904
U.S. DEPARTMENT OF ENERGY			
81. UN1	Petroleum Violation Escrow - Stripper Well	Treasury	1,202,764
81. UN2	Petroleum Violation Escrow - Citonelle/Exxon	Treasury	1,110
81. UN5	Petroleum Violation Escrow - State Escrow Distribution/Refund Fuels	Treasury	49,463
81. UN7	Oversight of Investigation of Salmon Site	Environmental Quality	11,126
81. 041	State Energy Program	Treasury	555,164
		/MS Development Authority	
81. 042	Weatherization Assistance for Low-Income Persons	Treasury	952,317
		/Human Services	
81. 089	Fossil Energy Research and Development	Environmental Quality	17,103
81. 106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	Emergency Management	141,047

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
81. 119	State Energy Program Special Projects	MS Development Authority	52,368
TOTAL U.S. DEPARTMENT OF ENERGY			2,982,462
FEDERAL EMERGENCY MANAGEMENT AGENCY			
83. UN	Emergency Operations Center Grant	Emergency Management	197,200
83. 009	National Fire Academy Training Assistance	Emergency Management	42,724
83. 105	Community Assistance Program-State Support Services Element (CAP-SSSE)	Emergency Management	56,940
83. 536	Flood Mitigation Assistance	Emergency Management	140,813
83. 541	Disaster Unemployment Assistance	Employment Security	28,639
83. 543	Individual and Family Grants	Emergency Management	2,527,625
83. 544	Public Assistance Grants	Emergency Management	13,529,373
83. 545	Disaster Housing Program	Emergency Management	23,899
83. 547	First Responder Counter-Terrorism Training Assistance	State Fire Academy	23,073
83. 548	Hazard Mitigation Grant	Emergency Management	5,449,594
83. 550	National Dam Safety Program	Environmental Quality	79,253
83. 552	Emergency Management Performance Grants	Emergency Management	1,881,991
83. 553	State Fire Training Systems Grants	State Fire Academy	17,535
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			23,998,659
U.S. DEPARTMENT OF EDUCATION			
84. 002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	5,458,179
84. 010	Title I Grants to Local Educational Agencies	Education	122,349,168
84. 011	Migrant Education-Basic State Grant Program	Education	982,846
84. 013	Title I Program for Neglected and Delinquent Children	Education	336,212
84. 048	Vocational Education-Basic Grants to States	Education	13,067,566
84. 049	Vocational Education - Consumer and Homemaking Education	Education	2
84. 073	National Diffusion Network	Education	1,446
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	39,619,980
84. 151	Chapter 2 - State Block Grants	Education	1,116
84. 158	Secondary Education and Transitional Services for Youth with Disabilities	Education	188,450
84. 169	Independent Living-State Grants	Rehabilitation Services	110,635
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	290,635
84. 178	Leadership in Educational Administration Development	Education	1,369
84. 181	Special Education-Grants for Infants and Families with Disabilities	Health	5,081,341
84. 185	Byrd Honors Scholarships	Education	437,253
84. 186	Safe and Drug-Free Schools and Communities-State Grants	Public Safety /Education	5,601,645
84. 187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	426,090
84. 194	Bilingual Education Support Services	Education	77,726
84. 196	Education for Homeless Children and Youth	Education	407,701
84. 213	Even Start-State Educational Agencies	Education	1,795,881
84. 215	Fund for the Improvement of Education	Education	6,001
84. 216	Capital Expenses	Education	138,912
84. 224	Assistive Technology	Rehabilitation Services	244,128

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
84. 235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	Rehabilitation Services	99,255
84. 243	Tech-Prep Education	Education	1,536,333
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	Rehabilitation Services	118,795
84. 276	Goals 2000-State and Local Education Systemic Improvement Grants	Education	6,210,904
84. 281	Eisenhower Professional Development State Grants	Education	3,769,508
84. 298	Innovative Education Program Strategies	Education	3,458,017
84. 314	Even Start-Statewide Family Literacy Program	Education	118,526
84. 318	Technology Literacy Challenge Fund Grants	Education	5,726,871
84. 330	Advanced Placement Incentive Program	Education	18,283
84. 331	Grants to States for Incarcerated Youth Offenders	Education	130,500
84. 332	Comprehensive School Reform Demonstration	Education	2,406,600
84. 338	Reading Excellence	Education	5,561,557
84. 340	Class Size Reduction	Education	20,236,116
84. 342	Preparing Tomorrow's Teachers to Use Technology	Education	221,542
84. 346	Occupational and Employment Information State Grants	MS Development Authority	123,650
84. 348	Title I Accountability Grants	Education	618,150
SUBTOTAL			246,978,889
Special Education Cluster			
84. 027	Special Education-Grants to States	Education	44,384,752
84. 173	Special Education-Preschool Grants	Education	4,219,857
Total Special Education Cluster			48,604,609
TRIO Cluster			
84. 044	TRIO-Talent Search	Education	286,820
Total TRIO Cluster			286,820
TOTAL U.S. DEPARTMENT OF EDUCATION			295,870,318
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93. 041	Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	28,887
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	407
93. 043	Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services	Human Services	94,097
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	5,952
93. 048	Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs	Human Services	78,950
93. 052	Nation Family Caregiver Support Program	Human Services	33,436
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	793,074
93. 110	Maternal and Child Health Federal Consolidated Programs	Health	261,303
93. 116	Project Grants and Cooperative Agreements for	Health	1,005,384

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
	Tuberculosis Control Programs		
93. 127	Emergency Medical Services for Children	Health	147,217
93. 130	Primary Care Services-Resource Coordination and Development-Primary Care Offices	Health	244,993
93. 136	Injury Prevention and Control Research and State and Community Based Programs	Health	196,364
93. 150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	321,656
93. 161	Health Program for Toxic Substances and Disease Registry	Health	61,301
93. 217	Family Planning-Services	Health	4,456,700
93. 235	Abstinence Education	Health	719,406
93. 241	State Rural Hospital Flexibility Program	Health	38,253
93. 268	Immunization Grants	Health	13,492,201
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	1,208,074
93. 556	Promoting Safe and Stable Families	Human Services	2,324,656
93. 558	Temporary Assistance for Needy Families	Human Services	141,601,809
93. 563	Child Support Enforcement	Human Services	14,799,521
93. 566	Refugee and Entrant Assistance-State Administered Programs	Human Services	601,343
93. 568	Low-Income Home Energy Assistance	Human Services	19,123,698
93. 569	Community Services Block Grant	Human Services	8,739,552
93. 571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	Human Services	53,275
93. 572	Emergency Community Services for the Homeless	Human Services	26,759
93. 576	Refugee and Entrant Assistance-Discretionary Grants	Human Services	120,559
93. 585	Empowerment Zones Program	MS Development Authority /Human Services	11,234,033
93. 586	State Court Improvement Program	Supreme Court	31,881
93. 597	Grants to States for Access and Visitation Programs	Human Services	90,917
93. 600	Head Start	Education	213,205
93. 603	Adoption Incentive Payments	Human Services	277,362
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	920,524
93. 643	Children's Justice Grants to States	Human Services	133,798
93. 645	Child Welfare Services-State Grants	Human Services	4,037,323
93. 647	Social Services Research and Demonstration	Human Services	17,762
93. 652	Adoption Opportunities	Human Services	113,435
93. 658	Foster Care-Title IV-E	Human Services	18,290,591
93. 659	Adoption Assistance	Human Services	3,905,967
93. 667	Social Services Block Grant	Human Services	16,391,172
93. 669	Child Abuse and Neglect State Grants	Human Services	598,704
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	686,279
93. 674	Independent Living	Human Services	483,443
93. 767	State Children's Insurance Program	Medicaid	40,018,830
93. 779	Health Care Financing Research, Demonstrations and Evaluations	Medicaid /Human Services	359,785
93. 913	Grants to States for Operation of Offices of Rural Health	Health	20,421
93. 917	HIV Care Formula Grants	Health	4,915,851
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	Health	566,785
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	221,608
93. 940	HIV Prevention Activities-Health Department Based	Health	1,679,568
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	252,283

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
93. 945	Assistance Programs for Chronic Disease Prevention and Control	Health	417,364
93. 958	Block Grants for Community Mental Health Services	Mental Health	3,484,254
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	14,020,983
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	1,745,482
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	181,451
93. 991	Preventive Health and Health Services Block Grant	Health	2,526,263
93. 994	Maternal and Child Health Services Block Grant to the States	Health	10,462,982
SUBTOTAL			348,813,711
Aging Cluster			
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	3,938,666
93. 045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Human Services	4,180,325
Total Aging Cluster			8,118,991
Child Care Cluster			
93. 575	Child Care and Development Block Grant	Human Services	26,718,575
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	14,615,761
Total Child Care Cluster			41,334,336
Medicaid Cluster			
93. 775	State Medicaid Fraud Control Units	Attorney General	1,049,742
93. 777	State Survey and Certification of Health Care Providers and Suppliers	Health /Medicaid	2,487,757
93. 778	Medical Assistance Program	Medicaid	1,783,489,691
Total Medicaid Cluster			1,787,027,190
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,185,294,228
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
94. UN	National and Community Service Projects	Education	164
94. 004	Learn and Serve America-School and Community Based Programs	Education	307,522
94. 006	AmeriCorps	Education	1,361
94. 007	Planning and Program Development Grants	Education	148,776
SUBTOTAL			455,101
Foster Grandparent/Senior Companion Cluster			

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	Federal Department/Program Name	State Grantee Agency	Federal Expenditures/ Distributions/ Issuances
94. 016	Senior Companion Program	Human Services	129,970
	Total Foster Grandparent/Senior Companion Cluster		129,970
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		585,071
	<u>SOCIAL SECURITY ADMINISTRATION</u>		
96. 001	Disability Insurance/SSI Cluster Social Security-Disability Insurance	Rehabilitation Services	20,010,288
	Total Disability Insurance/SSI Cluster		20,010,288
	TOTAL SOCIAL SECURITY ADMINISTRATION		20,010,288
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 3,689,303,907

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$148,397,730 and federal expenditures of \$25,050,826.

@Denotes federal programs with noncash benefits.

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

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**Schedule of Expenditures of Federal Awards
by State Grantee Agency**



STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
<u>AGRICULTURE AND COMMERCE</u>		
	U.S. Department of Agriculture	
10. 475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	\$ 1,328,014
10. 572	WIC Farmers' Market Nutrition Program (FMNP)	56,878
10. 950	Agricultural Statistics Reports	<u>113,666</u>
	Total U.S. Department of Agriculture	<u>1,498,558</u>
	TOTAL AGRICULTURE AND COMMERCE	<u>1,498,558</u>
<u>ANIMAL HEALTH</u>		
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	<u>447,260</u>
	TOTAL ANIMAL HEALTH	<u>447,260</u>
<u>ARCHIVES AND HISTORY</u>		
	U.S. Department of the Interior	
15. 904	Historic Preservation Fund Grants-In-Aid	<u>854,196</u>
	National Foundation on the Arts and the Humanities	
45. 164	Promotion of the Humanities-Public Programs	<u>7,804</u>
	TOTAL ARCHIVES AND HISTORY	<u>862,000</u>
<u>ARTS COMMISSION</u>		
	National Foundation on the Arts and the Humanities	
45. 024	Promotion of the Arts-Grants to Organizations and Individuals	40,471
45. 025	Promotion of the Arts-Partnership Agreements	617,783
45. 026	Promotion of the Arts-Leadership Initiatives	<u>34,289</u>
	Total National Foundation on the Arts and the Humanities	<u>692,543</u>
	TOTAL ARTS COMMISSION	<u>692,543</u>
<u>ATTORNEY GENERAL</u>		
	U.S. Department of Health and Human Services	
93. 775	State Medicaid Fraud Control Units	<u>1,049,742</u>
	TOTAL ATTORNEY GENERAL	<u>1,049,742</u>

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
<u>BD FOR COMMUNITY AND JUNIOR COLLEGES</u>		
84. 002	U.S. Department of Education Adult Education-State Grant Program	5,458,179
TOTAL BD FOR COMMUNITY AND JUNIOR COLLEGES		5,458,179
<u>CORRECTIONS</u>		
16. 586	U.S. Department of Justice Violent Offender Incarceration and Truth in Sentencing Incentive Grants	39,226
TOTAL CORRECTIONS		39,226
<u>EDUCATION</u>		
U.S. Department of Agriculture		
10. 550@	Food Distribution	9,659,100
10. 553	School Breakfast Program	31,456,675
10. 555	National School Lunch Program	100,151,155
10. 556	Special Milk Program for Children	6,113
10. 558	Child and Adult Care Food Program	20,407,252
10. 559	Summer Food Service Program for Children	4,975,562
10. 560	State Administrative Expenses for Child Nutrition	1,962,916
10. 564	Nutrition Education and Training Program	664
10. 574	Team Nutrition Grants	38,180
Total U.S. Department of Agriculture		168,657,617
U.S. Department of Commerce		
11. 552	Technology Opportunities	8,045
U.S. Department of Defense		
12. UN1	Teacher and Teacher's Aide Placement Assistance Program	140,447
U.S. Department of Labor		
17. 249	Employment Services and Job Training Pilots - Demonstrations and Research	8,045,980
17. 600	Mine Health and Safety Grants	3,423
Total U.S. Department of Labor		8,049,403
U.S. Department of Education		
84. 010	Title I Grants to Local Educational Agencies	122,349,168
84. 011	Migrant Education-Basic State Grant Program	982,846
84. 013	Title I Program for Neglected and Delinquent Children	336,212
84. 027	Special Education-Grants to States	44,384,752
84. 044	TRIO-Talent Search	286,820
84. 048	Vocational Education-Basic Grants to States	13,067,566
84. 049	Vocational Education - Consumer and Homemaking Education	2
84. 073	National Diffusion Network	1,446

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures/ Distributions/ Issuances
84. 151	Chapter 2 - State Block Grants	1,116
84. 158	Secondary Education and Transitional Services for Youth with Disabilities	188,450
84. 173	Special Education-Preschool Grants	4,219,857
84. 178	Leadership in Educational Administration Development	1,369
84. 185	Byrd Honors Scholarships	437,253
84. 186	Safe and Drug-Free Schools and Communities-State Grants	4,485,275
84. 194	Bilingual Education Support Services	77,726
84. 196	Education for Homeless Children and Youth	407,701
84. 213	Even Start-State Educational Agencies	1,795,881
84. 215	Fund for the Improvement of Education	6,001
84. 216	Capital Expenses	138,912
84. 243	Tech-Prep Education	1,536,333
84. 276	Goals 2000-State and Local Education Systemic Improvement Grants	6,210,904
84. 281	Eisenhower Professional Development State Grants	3,769,508
84. 298	Innovative Education Program Strategies	3,458,017
84. 314	Even Start-Statewide Family Literacy Program	118,526
84. 318	Technology Literacy Challenge Fund Grants	5,726,871
84. 330	Advanced Placement Incentive Program	18,283
84. 331	Grants to States for Incarcerated Youth Offenders	130,500
84. 332	Comprehensive School Reform Demonstration	2,406,600
84. 338	Reading Excellence	5,561,557
84. 340	Class Size Reduction	20,236,116
84. 342	Preparing Tomorrow's Teachers to Use Technology	221,542
84. 348	Title I Accountability Grants	618,150
Total U.S. Department of Education		243,181,260
U.S. Department of Health and Human Services		
93. 600	Head Start	213,205
93. 938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	221,608
Total U.S. Department of Health and Human Services		434,813
Corporation for National and Community Service		
94. UN	National and Community Service Projects	164
94. 004	Learn and Serve America-School and Community Based Programs	307,522
94. 006	AmeriCorps	1,361
94. 007	Planning and Program Development Grants	148,776
Total Corporation for National and Community Service		455,101
TOTAL EDUCATION		420,926,686
EMERGENCY MANAGEMENT		
U.S. Department of Transportation		
20. 703	Interagency Hazardous Materials Public Sector Training and Planning Grants	60,254

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
81. 106	U.S. Department of Energy Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	141,047
Federal Emergency Management Agency		
83. UN	Emergency Operations Center Grant	197,200
83. 009	National Fire Academy Training Assistance	42,724
83. 105	Community Assistance Program-State Support Services Element (CAP-SSSE)	56,940
83. 536	Flood Mitigation Assistance	140,813
83. 543	Individual and Family Grants	2,527,625
83. 544	Public Assistance Grants	13,529,373
83. 545	Disaster Housing Program	23,899
83. 548	Hazard Mitigation Grant	5,449,594
83. 552	Emergency Management Performance Grants	1,881,991
Total Federal Emergency Management Agency		23,850,159
TOTAL EMERGENCY MANAGEMENT		24,051,460
EMPLOYMENT SECURITY		
10. 761	U.S. Department of Agriculture Technical Assistance and Training Grants	15
U.S. Department of Labor		
17. UN2	Job Corps	926,070
17. 002	Labor Force Statistics	658,888
17. 203	Labor Certification for Alien Workers	66,276
17. 207	Employment Services	6,859,607
17. 225#	Unemployment Insurance	173,448,556
17. 245	Trade Adjustment Assistance-Workers	631,147
17. 801	Disabled Veterans' Outreach Program (DVOP)	583,147
17. 804	Local Veterans' Employment Representative Program	972,606
Total U.S. Department of Labor		184,146,297
83. 541	Federal Emergency Management Agency Disaster Unemployment Assistance	28,639
TOTAL EMPLOYMENT SECURITY		184,174,951
ENVIRONMENTAL QUALITY		
12. 113	U.S. Department of Defense State Memorandum of Agreement Program for the Reimbursement of Technical Services	90,053
U.S. Department of the Interior		
15. 250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	79,253
15. 808	U.S. Geological Survey-Research and Data Acquisition	10,185
15. 810	National Cooperative Geologic Mapping Program	53,376

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
	Total U.S. Department of the Interior	<u>142,814</u>
	U.S. Department of Labor	
17. 600	Mine Health and Safety Grants	<u>69,019</u>
	Environmental Protection Agency	
66. 433	State Underground Water Source Protection	74,352
66. 454	Water Quality Management Planning	138,220
66. 458	Capitalization Grants for State Revolving Funds	6,898,380
66. 460	Nonpoint Source Implementation Grants	2,502,188
66. 463	Water Quality Cooperative Agreements	302,615
66. 467	Wastewater Operator Training Grant Program (Technical Assistance)	27,139
66. 470	Hardship Program For Rural Communities	483,377
66. 500	Environmental Protection-Consolidated Research	96,020
66. 605	Performance Partnership Grants	3,803,621
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	751,222
66. 608	One Stop Reporting	299,740
66. 701	Toxic Substances Compliance Monitoring Cooperative Agreements	75,622
66. 707	TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals	391,386
66. 708	Pollution Prevention Grants Program	60,000
66. 802	Superfund State Site-Specific Cooperative Agreements	247,800
66. 804	State and Tribal Underground Storage Tanks Program	182,770
66. 805	Leaking Underground Storage Tank Trust Fund Program	1,521,624
66. 808	Solid Waste Management Assistance	12,300
66. 809	Superfund State Core Program Cooperative Agreements	<u>572,096</u>
	Total Environmental Protection Agency	<u>18,440,472</u>
	U.S. Department of Energy	
81. UN7	Oversight of Investigation of Salmon Site	11,126
81. 089	Fossil Energy Research and Development	<u>17,103</u>
	Total U.S. Department of Energy	<u>28,229</u>
	Federal Emergency Management Agency	
83. 550	National Dam Safety Program	<u>79,253</u>
	TOTAL ENVIRONMENTAL QUALITY	<u>18,849,840</u>
	FINANCE AND ADMINISTRATION	
	U.S. Department of Defense	
12. UN @	Transfer of Excess Personal Property for Counter-Drug Activities	<u>107,142</u>
	U.S. Department of Justice	
16. 576	Crime Victim Compensation	<u>399,000</u>
	General Services Administration	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
39. 003@	Donation of Federal Surplus Personal Property	1,188,630
TOTAL FINANCE AND ADMINISTRATION		1,694,772
FORESTRY COMMISSION		
10. 664	U.S. Department of Agriculture Cooperative Forestry Assistance	1,731,692
TOTAL FORESTRY COMMISSION		1,731,692
HEALTH		
10. 557	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants, and Children	56,107,153
10. 565	Commodity Supplemental Food Program	44,984
Total U.S. Department of Agriculture		56,152,137
14. 241	U.S. Department of Housing and Urban Development Housing Opportunities for Persons with AIDS	120,186
17. 005	U.S. Department of Labor Compensation and Working Conditions	18,483
17. 504	Consultation Agreements	21,876
Total U.S. Department of Labor		40,359
66. 032	Environmental Protection Agency State Indoor Radon Grants	30,231
66. 432	State Public Water System Supervision	1,168,170
66. 468	Capitalization Grants for Drinking Water State Revolving Fund	8,462,210
Total Environmental Protection Agency		9,660,611
84. 181	U.S. Department of Education Special Education-Grants for Infants and Families with Disabilities	5,081,341
93. 110	U.S. Department of Health and Human Services Maternal and Child Health Federal Consolidated Programs	261,303
93. 116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,005,384
93. 127	Emergency Medical Services for Children	147,217
93. 130	Primary Care Services-Resource Coordination and Development-Primary Care Offices	244,993
93. 136	Injury Prevention and Control Research and State and Community Based Programs	196,364
93. 161	Health Program for Toxic Substances and Disease Registry	61,301
93. 217	Family Planning-Services	4,456,700

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
93. 235	Abstinence Education	719,406
93. 241	State Rural Hospital Flexibility Program	38,253
93. 268@	Immunization Grants	13,492,201
93. 283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	1,208,074
93. 671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	686,279
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,396,373
93. 913	Grants to States for Operation of Offices of Rural Health	20,421
93. 917	HIV Care Formula Grants	4,915,851
93. 919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	566,785
93. 940	HIV Prevention Activities-Health Department Based	1,679,568
93. 944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	252,283
93. 945	Assistance Programs for Chronic Disease Prevention and Control	417,364
93. 977@	Preventive Health Services-Sexually Transmitted Diseases Control Grants	1,745,482
93. 988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	181,451
93. 991	Preventive Health and Health Services Block Grant	2,526,263
93. 994	Maternal and Child Health Services Block Grant to the States	10,462,982
Total U.S. Department of Health and Human Services		<u>46,682,298</u>
TOTAL HEALTH		<u>117,736,932</u>
<u>HUMAN SERVICES</u>		
U.S. Department of Agriculture		
10. 551@	Food Stamps	245,984,507
10. 561	State Administrative Matching Grants for Food Stamp Program	26,824,258
10. 568	Emergency Food Assistance Program (Administrative Costs)	613,210
10. 569@	Emergency Food Assistance Program (Food Commodities)	4,152,928
10. 570	Nutrition Program for the Elderly (Commodities)	1,618,901
Total U.S. Department of Agriculture		<u>279,193,804</u>
U.S. Department of Labor		
17. 235	Senior Community Service Employment Program	879,126
Tennessee Valley Authority		
62. UN	Low-Income Pilot Program	315-
U.S. Department of Energy		
81. 042	Weatherization Assistance for Low-Income Persons	959,202
U.S. Department of Health and Human Services		
93. 041	Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	28,887

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	407
93. 043	Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion Services	94,097
93. 044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	3,932,714
93. 045	Special Programs for the Aging-Title III, Part C- Nutrition Services	4,180,325
93. 048	Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs	78,950
93. 052	Nation Family Caregiver Support Program	33,436
93. 556	Promoting Safe and Stable Families	2,324,656
93. 558	Temporary Assistance for Needy Families	141,601,809
93. 563	Child Support Enforcement	14,799,521
93. 566	Refugee and Entrant Assistance-State Administered Programs	601,343
93. 568	Low-Income Home Energy Assistance	19,123,698
93. 569	Community Services Block Grant	8,739,552
93. 571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	53,275
93. 572	Emergency Community Services for the Homeless	26,759
93. 575	Child Care and Development Block Grant	26,718,575
93. 576	Refugee and Entrant Assistance-Discretionary Grants	120,559
93. 585	Empowerment Zones Program	104,768
93. 596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	14,615,761
93. 597	Grants to States for Access and Visitation Programs	90,917
93. 603	Adoption Incentive Payments	277,362
93. 643	Children's Justice Grants to States	133,798
93. 645	Child Welfare Services-State Grants	4,037,323
93. 647	Social Services Research and Demonstration	17,762
93. 652	Adoption Opportunities	113,435
93. 658	Foster Care-Title IV-E	18,290,591
93. 659	Adoption Assistance	3,905,967
93. 667	Social Services Block Grant	16,391,172
93. 669	Child Abuse and Neglect State Grants	598,704
93. 674	Independent Living	483,443
93. 779	Health Care Financing Research, Demonstrations and Evaluations	340,851
Total U.S. Department of Health and Human Services		281,597,363
Corporation for National and Community Service		
94. 016	Senior Companion Program	129,970
TOTAL HUMAN SERVICES		562,759,150
LIBRARY COMMISSION		
National Foundation on the Arts and the Humanities		
45. 310	State Library Program	1,732,044
TOTAL LIBRARY COMMISSION		1,732,044
MARINE RESOURCES		

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
U.S. Department of Commerce		
11. 407	Interjurisdictional Fisheries Act of 1986	55,906
11. 419	Coastal Zone Management Administration Awards	1,200,187
11. 420	Coastal Zone Management Estuarine Research Reserves	130,970
11. 434	Cooperative Fishery Statistics	80,386
11. 452	Unallied Industry Projects	1,960
11. 454	Unallied Management Projects	61,021
11. 477	Fisheries Disaster Relief	373,456
Total U.S. Department of Commerce		1,903,886
U.S. Department of the Interior		
15. 605	Sport Fish Restoration	655,994
15. 614	Coastal Wetlands Planning, Protection and Restoration Act	145,299
15. 616	Clean Vessel Act	92,471
Total U.S. Department of the Interior		893,764
Environmental Protection Agency		
66. 461	Wetlands Grants	136,209
66. 606	Surveys, Studies, Investigations and Special Purpose Grants	20,410
Total Environmental Protection Agency		156,619
TOTAL MARINE RESOURCES		2,954,269
MEDICAID		
U.S. Department of Health and Human Services		
93. 767	State Children's Insurance Program	40,018,830
93. 777	State Survey and Certification of Health Care Providers and Suppliers	1,091,384
93. 778	Medical Assistance Program	1,783,489,691
93. 779	Health Care Financing Research, Demonstrations and Evaluations	18,934
Total U.S. Department of Health and Human Services		1,824,618,839
TOTAL MEDICAID		1,824,618,839
MENTAL HEALTH		
U.S. Department of Health and Human Services		
93. 104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	793,074
93. 150	Projects for Assistance in Transition from Homelessness (PATH)	321,656
93. 630	Developmental Disabilities Basic Support and Advocacy Grants	920,524
93. 958	Block Grants for Community Mental Health Services	3,484,254

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
93. 959	Block Grants for Prevention and Treatment of Substance Abuse	14,020,983
Total U.S. Department of Health and Human Services		19,540,491
TOTAL MENTAL HEALTH		19,540,491
MILITARY DEPARTMENT		
U.S. Department of Defense		
12. AAD	National Guard Special Military Operations and Projects	4,008,799
12. AAF	National Guard Civilian Youth Opportunities Pilot Program	2,059,158
12. 400	Military Construction, National Guard	6,815,698
12. 401	National Guard Military Operations and Maintenance (O&M) Projects	23,809,082
Total U.S. Department of Defense		36,692,737
TOTAL MILITARY DEPARTMENT		36,692,737
MS DEVELOPMENT AUTHORITY		
U.S. Department of Commerce		
11. 303	Economic Development-Technical Assistance	25,000
11. 611	Manufacturing Extension Partnership (Passed-through from University of Southern Mississippi. Identification number assigned by the pass-through entity is 0223002401-D10.)	75,000
Total U.S. Department of Commerce		100,000
U.S. Department of Housing and Urban Development		
14. 228	Community Development Block Grants/State's Program	35,999,053
14. 231	Emergency Shelter Grants Program	1,383,941
14. 239	HOME Investment Partnerships Program	12,969,458
Total U.S. Department of Housing and Urban Development		50,352,452
U.S. Department of Labor		
17. 207	Employment Services	4,216,504
17. 246	Employment and Training Assistance-Dislocated Workers	748,709
17. 250	Job Training Partnership Act	454,051
17. 258	WIA Adult Program	6,413,884
17. 259	WIA Youth Activities	6,336,101
17. 260	WIA Dislocated Workers	6,876,900
Total U.S. Department of Labor		25,046,149
Appalachian Regional Commission		
23. 002	Appalachian Area Development	430,891
23. 011	Appalachian State Research, Technical Assistance, and	128,039

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	Demonstration Projects	
	Total Appalachian Regional Commission	<u>558,930</u>
	U.S. Department of Energy	
81. 041	State Energy Program	439,964
81. 119	State Energy Program Special Projects	<u>52,368</u>
	Total U.S. Department of Energy	<u>492,332</u>
	U.S. Department of Education	
84. 346	Occupational and Employment Information State Grants	<u>123,650</u>
	U.S. Department of Health and Human Services	
93. 585	Empowerment Zones Program	<u>11,338,801</u>
	TOTAL MS DEVELOPMENT AUTHORITY	<u>88,012,314</u>
	<u>NARCOTICS</u>	
	Office of National Drug Control Policy:	
07. UN	High Intensity Drug Trafficking Area	<u>310,206</u>
	U.S. Department of Justice	
16. UN	Domestic Cannabis Eradication/Suppression Program	<u>344,671</u>
	TOTAL NARCOTICS	<u>654,877</u>
	<u>OIL AND GAS BOARD</u>	
	Environmental Protection Agency	
66. 433	State Underground Water Source Protection	<u>94,700</u>
	TOTAL OIL AND GAS BOARD	<u>94,700</u>
	<u>PLANT INDUSTRY</u>	
	U.S. Department of Agriculture	
10. 025	Plant and Animal Disease, Pest Control, and Animal Care	71,892
10. 163	Market Protection and Promotion	<u>59,643</u>
	Total U.S. Department of Agriculture	<u>131,535</u>
	Environmental Protection Agency	
66. 700	Consolidated Pesticide Enforcement Cooperative Agreements	<u>648,702</u>
	TOTAL PLANT INDUSTRY	<u>780,237</u>
	<u>PUBLIC SAFETY</u>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
	U.S. Department of Justice	
16. 523	Juvenile Accountability Incentive Block Grants	840,315
16. 540	Juvenile Justice and Delinquency Prevention-Allocation to States	708,975
16. 547	Victims of Child Abuse	333,131
16. 549	Part E-State Challenge Activities	83,965
16. 554	National Criminal History Improvement Program (NCHIP)	478,057
16. 560	National Institute of Justice Research, Evaluation, and Development Project Grants	11,715
16. 575	Crime Victim Assistance	2,675,043
16. 579	Byrne Formula Grant Program	5,341,449
16. 588	Violence Against Women Formula Grants	1,533,757
16. 589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	159,492
16. 592	Local Law Enforcement Block Grants Program	554,890
16. 593	Residential Substance Abuse Treatment for State Prisoners	427,410
16. 598	State Identification Systems Grant Program	229,135
16. 607	Bulletproof Vest Partnership Program	60,928
	Total U.S. Department of Justice	13,438,262
	U.S. Department of Transportation	
20. UN1	Fatal Analysis Reporting System	57,516
20. 600	State and Community Highway Safety	3,313,524
20. 601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	24,510
	Total U.S. Department of Transportation	3,346,530
	U.S. Department of Education	
84. 186	Safe and Drug-Free Schools and Communities-State Grants	1,116,370
	TOTAL PUBLIC SAFETY	17,901,162
	<u>PUBLIC SERVICE COMMISSION</u>	
	U.S. Department of Transportation	
20. 218	National Motor Carrier Safety	1,075,529
20. 700	Pipeline Safety	126,686
	Total U.S. Department of Transportation	1,202,215
	TOTAL PUBLIC SERVICE COMMISSION	1,202,215
	<u>REHABILITATION SERVICES</u>	
	U.S. Department of Education	
84. 126	Rehabilitation Services-Vocational Rehabilitation Grants to States	39,619,980
84. 169	Independent Living-State Grants	110,635
84. 177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	290,635

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
84. 187	Supported Employment Services for Individuals with Severe Disabilities	426,090
84. 224	Assistive Technology	244,128
84. 235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	99,255
84. 265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	118,795
	Total U.S. Department of Education	<u>40,909,518</u>
96. 001	Social Security Administration Social Security-Disability Insurance	<u>20,010,288</u>
	TOTAL REHABILITATION SERVICES	<u>60,919,806</u>
	<u>SECRETARY OF STATE</u>	
66. 461	Environmental Protection Agency Wetlands Grants	<u>6,800</u>
	TOTAL SECRETARY OF STATE	<u>6,800</u>
	<u>STATE FIRE ACADEMY</u>	
83. 547	Federal Emergency Management Agency First Responder Counter-Terrorism Training Assistance	23,073
83. 553	State Fire Training Systems Grants	<u>17,535</u>
	Total Federal Emergency Management Agency	<u>40,608</u>
	TOTAL STATE FIRE ACADEMY	<u>40,608</u>
	<u>SUPREME COURT</u>	
93. 586	U.S. Department of Health and Human Services State Court Improvement Program	<u>31,881</u>
	TOTAL SUPREME COURT	<u>31,881</u>
	<u>TRANSPORTATION</u>	
20. 205	U.S. Department of Transportation Highway Planning and Construction	275,100,455
20. 500	Federal Transit-Capital Investment Grants	277,578
20. 505	Federal Transit-Metropolitan Planning Grants	81,041
20. 509	Formula Grants for Other Than Urbanized Areas	2,834,858
20. 513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,618,831
	Total U.S. Department of Transportation	<u>279,912,763</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures/ Distributions/ Issuances
TOTAL TRANSPORTATION		279,912,763
TREASURY		
U.S. Department of Energy		
81. UN1	Petroleum Violation Escrow - Stripper Well	1,202,764
81. UN2	Petroleum Violation Escrow - Citonelle/Exxon	1,110
81. UN5	Petroleum Violation Escrow - State Escrow Distribution/ Refund Fuels	49,463
81. 041	State Energy Program	115,200
81. 042	Weatherization Assistance for Low-Income Persons	6,885
Total U.S. Department of Energy		1,361,652
TOTAL TREASURY		1,361,652
VETERANS AFFAIRS BOARD		
U.S. Department of Veterans Affairs		
64. 124	All-Volunteer Force Educational Assistance	90,829
TOTAL VETERANS AFFAIRS BOARD		90,829
WILDLIFE, FISHERIES AND PARKS		
U.S. Department of Defense		
12. UN2	Wildlife Mitigation Projects (Passed-through from U.S.Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01391543S DACW01391500S DACW01392411S DACW01392410S and DACW3891H007S)	2,046,513
U.S. Department of the Interior		
15. 605	Sport Fish Restoration	3,109,909
15. 611	Wildlife Restoration	2,917,433
15. 612	Rare and Endangered Species Conservation	123,318
15. 916	Outdoor Recreation-Acquisition, Development and Planning	247,500
Total U.S. Department of the Interior		6,398,160
U.S. Department of Transportation		
20. 005	Boating Safety Financial Assistance	1,697,097
20. 219	Recreational Trails Program	390,922
Total U.S. Department of Transportation		2,088,019
TOTAL WILDLIFE, FISHERIES AND PARKS		10,532,692
YELLOW CREEK INLAND PORT AUTHORITY		

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

STATE OF MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2001

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures/ Distributions/ Issuances</u>
23. 001	Appalachian Regional Commission Appalachian Regional Development	<u>250,000</u>
TOTAL YELLOW CREEK INLAND PORT AUTHORITY		<u>250,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 3,689,303,907</u>

EXPLANATION OF FOOTNOTE REFERENCE:

Program number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$148,397,730 and federal expenditures of \$25,050,826.

@Denotes federal programs with noncash benefits.

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See accompanying Notes to the Schedules of Expenditures of Federal Awards

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**Notes to the
Schedules of Expenditures of Federal Awards**



STATE OF MISSISSIPPI

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2001

NOTE 1: PURPOSE OF THE SCHEDULES

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each individual federal program as identified in the *Catalog of Federal Domestic Assistance* (CFDA). To comply with this requirement, the Department of Finance and Administration required each state agency to prepare and submit a schedule of expenditures of federal awards. Information contained in these schedules was combined by the Department of Finance and Administration to form the accompanying schedules of expenditures of federal awards. Federal programs which have not been assigned a CFDA number have been identified.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Presentation - The information in the accompanying schedules of expenditures of federal awards is presented in accordance with OMB Circular A-133. The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and CFDA number. The Schedule of Expenditures of Federal Awards by State Grantee Agency presents federal awards expended by recipient agencies of the State of Mississippi.
- Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, direct appropriations or other assistance. Accordingly, nonmonetary federal assistance, including food stamps, food commodities and surplus property, is included in federal financial assistance and, therefore, is reported on the schedules of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals or procurement contracts used to buy goods or services from vendors.

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (continued)

- Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish a risk-based approach to determine which federal programs are major based on certain expenditure thresholds and risk criteria. According to the state's Single Audit Report for the fiscal year ended June 30, 2001, federal expenditures, distributions or issuances totaled \$3,689,303,907. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$11 million. For the fiscal year 2001 audit, six Type A programs were identified as low risk. Risk assessments of Type B programs were performed until six high risk Type B programs were identified. Twenty-nine federal award programs, comprising 23 high risk Type A programs and six high risk Type B programs, were audited as major programs for the State of Mississippi.
 - *Catalog of Federal Domestic Assistance* - The *Catalog of Federal Domestic Assistance* (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA number) which is reflected in the accompanying schedules.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs of the Mississippi Authority for Educational Television and for those programs accounted for in the university funds within the component units section of the financial statements, for the year ended June 30, 2001. The Mississippi Authority for Educational Television engaged other auditors to perform an audit in accordance with OMB Circular A-133; and a separate report was issued September 21, 2001. Expenditures of federal awards provided to the state's public universities and related entities will be audited in accordance with statutory requirements and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and a separate report is scheduled to be issued by March 29, 2002.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary fund types and expendable trust funds. Governmental fund types and expendable trust funds are accounted for by using the modified accrual basis of accounting and proprietary fund types by using the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Amounts reflected as distributions in the accompanying schedules for donated federal surplus property are based on an estimated average fair market value of 23.3 percent of the original acquisition cost as assigned by the federal government. The amounts reflected in the financial statements of the State of Mississippi for the fiscal year ended June 30, 2001, for distributed surplus property are valued at the handling and shipping costs, which more closely approximate fair market value at the date of the transfer of the surplus property to the State of Mississippi.

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (continued)

The value of food commodity distributions on the accompanying schedules was calculated using the U.S. Department of Agriculture, Food and Nutrition Service commodity price list in effect at the date of distribution.

The food stamp issuance amount included in the accompanying schedules is stated at the face value of the food stamp coupons at the date of issuance.

- D. Expenditures and Expenses - Certain transactions relating to expenditures of federal awards may appear in records of more than one state grantee agency. To avoid duplication and the overstatement of the aggregate level of federal awards expended by the State of Mississippi, the following policies have been adopted:
1. When monies are received by one state grantee agency and redistributed (expended) to another state grantee agency (i.e., a pass-through of funds by the primary recipient state grantee agency to a subrecipient state grantee agency), the federal financial assistance will be reflected in the primary receiving/expending state grantee agency's accounts.
 2. Purchases of services between state grantee agencies using federal monies will be recorded as *expenditures* or *expenses* on the purchasing agency's records and as *revenues* for services rendered on the providing agency's records. Therefore, the expenditure of federal awards is attributed to the purchasing agency, which is the primary receiving/expending state grantee agency.

NOTE 3: OTHER

- A. All federal expenditures/distributions/issuances included in the accompanying schedules represent assistance received directly from the federal government, unless otherwise noted. Federal financial assistance received indirectly from the federal government (i.e., passed-through from entities outside of the State of Mississippi) is noted parenthetically.
- B. The accompanying schedules of expenditures of federal awards include distributions of donated surplus personal property (CFDA 39.003) of \$1,188,630 and donated property for counter-drug activities (CFDA 12.Unknown) of \$107,142. These distributions were valued based on an estimated average fair market value of 23.3 percent of the original acquisition cost assigned by the federal government. These distributions were reported in the financial statements of the State of Mississippi for the year ended June 30, 2001, as charges for sales and services of \$589,000. The amount was based upon handling and shipping costs at the date of transfer to the state.

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (continued)

- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for new loans totaling \$2,069,433. Program income generated by the program in previous years was used to make these new loan payments. In subsequent years, the program income generated from the repayment of these loans will be deposited into a revolving loan fund to be redistributed to the local governments under CFDA 14.228 for program activities. At June 30, 2001, the outstanding loan balance for the program totaled \$10,672,502.

- D. The Unemployment Insurance program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law, but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying schedules of expenditures of federal awards, both state and federal funds have been considered federal awards expended as denoted with an # to the right of the CFDA number. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$ 148,397,730
Federal Portion	<u>25,050,826</u>
Total	<u>\$ 173,448,556</u>

- E. Expenditures reflected in CFDA 66.458 - Capitalization Grants for State Revolving Funds - include loans to local governments for developing or constructing water treatment facilities. The funding source for these loans includes federal grant funds and state funds. In subsequent years, local governments will be required to repay these funds to the State of Mississippi. When received, these funds will be redistributed to local governments through new loans for additional water treatment facility projects. The outstanding loan balance for the year ended June 30, 2001, was \$180,081,600. Total disbursements for new loans for the year ended June 30, 2001, totaled \$18,471,860. Administrative costs associated with the program for the year ended June 30, 2001, totaled \$964,102.

- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Fund - include loans to counties, municipalities and other tax exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds and state funds. In subsequent years, the entities will be required to repay these funds to the Mississippi Department of Health. When received, these funds will be used to make new loans for the program activities. The outstanding loan balance for the year ended June 30, 2001, was \$29,079,687. Total disbursements for new loans made during fiscal year 2001 totaled \$10,179,489. Administrative costs associated with the program for the year ended June 30, 2001, totaled \$1,048,974.

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (continued)

G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$26,613,630 related to State Aid Road Construction is included on the schedules of expenditures of federal awards under Transportation Department program 20.205 - Highway Planning and Construction.

H. Noncash Assistance.

The State of Mississippi participated in several federal programs in which noncash benefits were provided through the state to eligible program participants. These noncash benefits programs are identified on the schedules of expenditures of federal awards with an @ to the right of the CFDA number. A listing of these programs follows:

CFDA Number	Program Name
10.550	Food Distribution
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
12.Unknown	Transfer of Excess Personal Property for Counter-Drug Activities
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants

- Note:*
- *CFDA 10.570 — Nutrition Program for the Elderly (Commodities) is normally a noncash grant; however, the State of Mississippi elected to receive the cash instead (per the grant award).*
 - *CFDA 93.268 — Immunization Grants received \$13,492,201, including cash assistance and noncash assistance. Cash assistance totaled \$1,894,635 and noncash assistance totaled \$11,597,566.*
 - *CFDA 93.977 — Preventive Health Services - Sexually Transmitted Diseases Control Grants received \$1,745,482, including cash assistance and noncash assistance. Cash assistance totaled \$1,581,390 and noncash assistance totaled \$164,092.*

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (continued)

I. The State of Mississippi's major federal programs for the year ended June 30, 2001, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

CFDA Number	Program Name
10.550	Food Distribution
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.239	HOME Investment Partnerships Program
	Fish and Wildlife Cluster:
15.605	Sport Fish Restoration
15.611	Wildlife Restoration
17.225	Unemployment Insurance
	Workforce Investment Act (WIA) Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
83.544	Public Assistance Grants
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	Innovative Education Program Strategies

STATE OF MISSISSIPPI
Notes to the Schedules of Expenditures of Federal Awards (concluded)

CFDA Number	Program Name
84.340	Class Size Reduction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.585	Empowerment Zones Program
93.658	Foster Care - Title IV-E
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
	Disability Insurance/SSI Cluster:
96.001	Social Security - Disability Insurance

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



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

PART 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Reportable conditions identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the state's public universities and the Mississippi Authority for Educational Television, for which separate reports will be issued.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X yes no

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	Program Name
10.550	Food Distribution
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.239	HOME Investment Partnerships Program
	Fish and Wildlife Cluster:
15.605	Sport Fish Restoration
15.611	Wildlife Restoration
17.225	Unemployment Insurance
	Workforce Investment Act (WIA) Cluster:
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
83.544	Public Assistance Grants
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.298	Innovative Education Program Strategies
84.340	Class Size Reduction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 1 - Summary of Auditor's Results (concluded)

CFDA Number	Program Name
	Child Care Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds for the Child Care and Development Fund
93.585	Empowerment Zones Program
93.658	Foster Care - Title IV-E
93.767	State Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
	Disability Insurance/SSI Cluster:
96.001	Social Security - Disability Insurance

Dollar threshold used to distinguish between
Type A and Type B programs:

\$11,000,000

Auditee qualified as low-risk auditee?

yes no

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Schedule of Findings and Questioned Costs
Part 2 - Financial Statement Findings



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents reportable conditions and material weaknesses that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency with material weaknesses listed first. Each finding has one of the following designations:

- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditor's judgement, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.
- **Material Weakness** - A reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

PART 2 - FINANCIAL STATEMENT FINDINGS

**Finding
Number**

Finding and Recommendation

EMPLOYMENT SECURITY

Material Weakness

01-36

GAAP Package Should Be Properly Prepared and Reviewed by Supervisory Personnel

Finding:

Several problems were noted on the fiscal year-end GAAP reporting package for Fund 8191 at the Mississippi Employment Security Commission:

- A GAAP entry was improperly made to accrue other interest in the amount of \$11,196,388. As a result of this entry, other interest revenue was materially overstated.
- A GAAP entry for \$821,622 was made to record unemployment insurance revenue received for the Reed Act Distribution. However, this revenue had already been recorded on the agency's trial balance and the GAAP package. As a result of this entry, unemployment insurance revenues were overstated.
- The unemployment benefit expenditures required to be reported on the Schedule of Federal Grant Activity did not agree with the unemployment benefit expenditures reported on the GAAP package. The grant schedule expenditures were overstated by \$2,459,000.

Accounting principles generally accepted in the United States of America require that financial systems provide accounting and reporting capabilities which will make it possible to present fairly the financial position and results of operations of the agency. Failure to properly record transactions resulted in misstatements of the agency's financial statements, and additional audit time was required to correct these errors.

Recommendation:

We recommend the Mississippi Employment Security Commission strengthen procedures to ensure the GAAP package and the schedule of federal grant activity are properly prepared. Supervisory review should be documented on each report.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 2 - Financial Statement Findings (concluded)

<u>Finding Number</u>	<u>Finding and Recommendation</u>
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TREASURY

Reportable Condition

01-37 **Physical Controls over Network Hardware Should Be Improved**

Finding:

The following weaknesses were noted during our review of the physical security controls of the network computer equipment and communications equipment at the State Treasury Department:

- The network computer equipment is housed in an open area that serves as a hallway to the break room.
- There were no smoke or heat detectors in the area.
- There was no alarm, emergency pull box or emergency lighting in the area.
- All walls were not solid to the true ceiling.
- The room was not clear of paper stock.

The *Control Objectives for Information and Related Technology (CobIT)* guidelines, as well as industry best practices, require adequate physical controls over hardware. Without adequate physical controls over the network hardware, the agency is susceptible to the possible loss of information or network hardware.

Recommendation:

We recommend the State Treasury Department improve its physical controls over the network hardware.

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Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings
and Questioned Costs



STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Introduction

This part of the Schedule of Findings and Questioned Costs presents audit findings required to be reported by Section 510 (a) of OMB Circular A-133.

Findings are grouped by federal funding agency and then organized by state agency. Findings within the state agency are listed in order by type of compliance requirement as listed in Section 320 (b) (2) (xii) of OMB Circular A-133.

Each finding has one of the following designations:

- **Immaterial Noncompliance** - Conditions representing noncompliance with the provisions of laws, regulations, contracts, or grant agreements, that do not have a direct and material effect on a major federal program.
- **Reportable Condition** - Matters coming to the auditor's attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in the auditor's judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001

PART 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

REPORTING

Reportable Condition

10.553 School Breakfast Program
10.555 National School Lunch Program
10.556 Special Milk Program for Children
10.558 Child and Adult Care Food Program
10.559 Summer Food Service Program for Children

Federal Award Number and Year: 3MS300326, 2000

01- 08 Internal Controls Should Be Established over Reporting

Finding:

The Code of Federal Regulations [7 CFR 210.5 (d) (2) and (3)] requires state agencies to submit to the Food and Consumer Service (FCS) of the United States Department of Agriculture a quarterly and final Financial Status Report (SF-269) on the use of program funds. In our review of internal control at the Mississippi State Department of Education - Office of Child Nutrition, we noted a weakness in the preparation of these reports. Although no errors were found in the report tested, we noted there was no supervisory review and verification of the accuracy of the report prior to submission to the federal funding agency.

Good internal controls require supervisory reviews of work performed to ensure any errors or omissions are properly detected.

Recommendation:

We recommend the Mississippi State Department of Education - Office of Child Nutrition establish internal controls over the preparation of the Financial Status Report (SF-269). An employee other than the preparer should review the report for accuracy and completeness prior to submission to the federal funding agency. This employee should document this review by initialing the report.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

REPORTING

Reportable Condition

10.557

Special Supplemental Nutrition Program for Women, Infants and Children

Federal Award Number and Year: 5MS700704, 2001

01-01

Controls over Federal Reports Should Be Strengthened

Finding:

Testwork performed on the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) at the Mississippi State Department of Health revealed for four of nine FNS-798 reports tested, or 45 percent, there was no indication of supervisory review. For the January 2001 report, the "Year-to-Date Unliquidated Obligations" figure reflected only amounts for the month of January 2001 instead of year-to-date. We also noted that the "Estimated Administrative Outlays" for the remainder of the year were calculated incorrectly. The figure provided on the report was overstated by approximately \$390,000. The overstatement appeared to be an error caused by a computation mistake. Failure to provide the federal cognizant agency with accurate report figures could impede federal oversight of the program.

Recommendation:

We recommend the Mississippi State Department of Health strengthen controls over preparation of federal reports by providing a supervisory review to ensure accuracy prior to submission to the grantor federal agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF AGRICULTURE (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

REPORTING

Reportable Condition

10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Federal Award Number and Year: SMS700704, 2000

01-02 Controls Should Be Strengthened over Supervisory Review of Federal Reports Prior to Submission

Finding:

Testwork performed at the Mississippi State Department of Health for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) revealed a lack of supervisory review of the federal fiscal year 2000 Annual Closeout Report (FNS 227) and Addendum (FNS 227A). While comparing the amounts on the reports to supporting documentation, we noted several footing errors on the FNS 227 which resulted in figures included on the FNS 227A being incorrect. Good internal controls dictate a supervisory review of federal reports prior to submission to ensure accuracy and completeness. Failure to properly review the reports could allow errors to occur without being detected.

Recommendation:

We recommend management of the Mississippi State Department of Health strengthen controls over preparation of federal reports for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) by ensuring that reports are reviewed for accuracy by supervisory personnel prior to submission to the grantor federal agency.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF DEFENSE

**CFDA/Finding
Number**

Finding and Recommendation

MILITARY DEPARTMENT

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

12.401

National Guard Military Operations and Maintenance (O&M) Projects

Federal Award Number and Year: DAHA22-01-2-1000, 2001

01-04

Suspension and Debarment Clause Should Be Included as a State Contract Provision

Finding:

The Mississippi Military Department is required by the Grant (Cooperative) Agreement to include as a State contract provision a suspension and debarment clause in all contracts issued for the National Guard Military Operations and Maintenance (O&M) Projects program. Testwork for fiscal year 2001 revealed a suspension and debarment clause was not included as a State contract provision in contracts issued for the National Guard Military Operations and Maintenance (O&M) Projects program. Without the inclusion of the suspension and debarment clause, the Mississippi Military Department could enter into a contract with a suspended or debarred party.

Recommendation:

We recommend the Mississippi Military Department include as a State contract provision a suspension and debarment clause for all contracts issued under the Grant (Cooperative) agreement for the National Guard Military Operations and Maintenance (O&M) Projects Program.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

01- 27

Internal Controls over Reviews of Requests for Cash Should Be Strengthened

Finding:

The Mississippi Development Authority administers the HOME Investment Partnerships Program. The Code of Federal Regulations (24 CFR 92.504) requires a written agreement to be executed between the primary recipient and the subrecipient describing the use of the HOME funds, including the tasks to be performed, a schedule for completing the tasks, a budget and the period of agreement. These items must be in sufficient detail to provide a sound basis for the primary recipient to effectively monitor performance under the agreement. The agency has developed procedures to ensure the required budget allotment of funds to a subrecipient is presented in its grant management system (GMS) records. During the agency's review of requests for cash received from subrecipients, the agency accesses its GMS records and ensures the request does not exceed the subrecipient's budgeted award prior to payment. Testwork performed on payments made to subrecipients revealed two instances out of 40 tested in which the amount budgeted in the GMS records did not agree to the project contract and/or amendments. The amount recorded in the GMS records exceeded the project contract amount in both instances. A discrepancy with a subrecipient's budgeted award amount in the GMS increases the potential for disbursing more funds than allowed.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls to verify that subrecipient award amounts in the Grants Management System properly agree with contract amounts.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF THE INTERIOR

**CFDA/Finding
Number**

Finding and Recommendation

WILDLIFE, FISHERIES and PARKS

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

15.605 Sport Fish Restoration
15.611 Wildlife Restoration

Federal Award Number and Year: Various

01- 30

Internal Controls Should Be Strengthened over Activities Allowed or Unallowed

Finding:

In order for the Mississippi Department of Wildlife, Fisheries and Parks to accurately determine allowable federal expenditures, tables are established in the Statewide Automated Accounting System (SAAS) indicating the projects, sub-org codes and activity codes that are allowable for federal reimbursement. These tables are used to run the necessary reports at the end of each month to separate the federal expenditures from the state expenditures. Agency staff use these reports to prepare a manual ledger detailing amounts allowable for federal reimbursement under each grant. This manual ledger is used to determine the amount to request for federal reimbursement. However, the agency does not have supervisory reviews to ensure the tables are properly maintained or to ensure the manual ledger is being accurately prepared. Good internal control procedures dictate a documented independent supervisory review of financial data be performed to ensure errors or omissions are detected promptly. As a result of this lack of supervisory review, errors could occur and not be detected in a timely manner.

Recommendation:

We recommend the Mississippi Department of Wildlife, Fisheries and Parks establish procedures to ensure the SAAS tables are properly maintained and the manual ledger is properly prepared. Supervisory review should be performed and documented on each report.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF THE INTERIOR (continued)

**CFDA/Finding
Number**

Finding and Recommendation

WILDLIFE, FISHERIES and PARKS

ALLOWABLE COSTS / COST PRINCIPLES

Immaterial Noncompliance

15.605
15.611

Sport Fish Restoration
Wildlife Restoration

Federal Award Number and Year: Various

Questioned Costs: \$22,741 Direct Charges
 \$3,495 Indirect Costs

01- 34

Costs Charged to the Program Should Be Allowable per Federal Regulations

Finding:

The Code of Federal Regulations (50 CFR 80.15) requires that allowable costs be limited to those necessary and reasonable for the accomplishment of approved project purposes. During our review of the costs claimed by the Mississippi Department of Wildlife, Fisheries and Parks as allowable federal charges, we noted the agency had claimed \$22,741 of costs for the Sport Fish Restoration and Wildlife Restoration programs that were not allowable per the federal regulations. These unallowable costs were the result of the following errors:

- Eight of 40 amounts tested on the agency’s manual ledger (which lists the expenditures to be claimed for federal reimbursement) included state expenditures in the amount of \$13,065 that were erroneously coded as federal expenditures and were included on the manual ledger in error.
- Six of 40 individual amounts tested during our compliance testwork, totaling \$7,725, were correctly coded as state expenditures but had been included on the manual ledger as federal expenditures.
- Detailed testwork on the agency’s computer generated report of federal charges revealed incorrect codes set up in the Statewide Automated Accounting System (SAAS) tables. These errors resulted in \$1,951 of state charges being claimed for federal reimbursement in error.

Due to the above mentioned errors, funds were subsequently drawn for unallowable expenditures. As a result of these unallowable expenditures, claims for indirect costs totalling \$3,495 were incorrectly charged to the program.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF THE INTERIOR (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Wildlife, Fisheries and Parks ensure costs charged to the programs are allowable per federal regulations before the funds are requested for reimbursement. We further recommend the agency reimburse the federal government for costs claimed in error.

WILDLIFE, FISHERIES and PARKS

CASH MANAGEMENT

Reportable Condition

15.605 Sport Fish Restoration
15.611 Wildlife Restoration

Federal Award Number and Year: Various

01- 31 **Internal Controls Should Be Strengthened over Cash Management**

Finding:

Testwork performed at the Mississippi Department of Wildlife, Fisheries and Parks on the Fish and Wildlife Cluster grants revealed the agency did not have adequate controls in place over the cash management function. There was no supervisory review and verification of the accuracy of cash draws prior to the submission to the federal funding agency. Without adequate supervisory review over the cash draws, the agency could inadvertently draw down funds for improper amounts. Good internal controls dictate the agency implement appropriate procedures to require supervisory review of work performed to ensure errors or omissions are detected.

Recommendation:

We recommend the Mississippi Department of Wildlife, Fisheries and Parks strengthen its controls over cash management of the Fish and Wildlife Cluster grant by ensuring that a supervisory review and verification is made prior to requesting the federal funds.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF THE INTERIOR (continued)

CFDA/Finding
Number

Finding and Recommendation

WILDLIFE, FISHERIES and PARKS

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

15.605 Sport Fish Restoration
15.611 Wildlife Restoration

Federal Award Number and Year: Various

01- 32 Internal Controls Should Be Strengthened over Matching

Finding:

Testwork performed at the Mississippi Department of Wildlife, Fisheries and Parks on the Fish and Wildlife Cluster grants revealed the agency did not have adequate controls in place over the matching function. Our testwork did not reveal any discrepancies in the amount of the actual state match and the minimum state match required; however, there was no supervisory review of state match supporting documentation prior to requesting the federal portion of the grant expenditures from the federal grantor agency. Good internal controls require procedures be in place to require supervisory review of work performed to ensure errors or omissions are detected.

Recommendation:

We recommend the Mississippi Department of Wildlife, Fisheries and Parks strengthen its controls over matching of the Fish and Wildlife Cluster grant. We recommend the Mississippi Department of Wildlife, Fisheries and Parks strengthen its controls over matching of the Fish and Wildlife Cluster grant by ensuring a supervisory review is performed prior to requesting federal funds.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF THE INTERIOR (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

WILDLIFE, FISHERIES and PARKS

REPORTING

Reportable Condition

15.605 Sport Fish Restoration
15.611 Wildlife Restoration

Federal Award Number and Year: Various

01- 33 **Internal Controls Should Be Strengthened over Reporting**

Finding:

The Code of Federal Regulations (50 CFR 80.3) requires the Mississippi Department of Wildlife, Fisheries and Parks to submit annually a Paid Hunting and Fishing License Certification to the U.S. Fish and Wildlife Service for the Fish and Wildlife Cluster grant. In order to accurately represent the number of paid fishing license holders in the state of Mississippi, the Mississippi Department of Wildlife, Fisheries and Parks had to include the number of exempt state lake permit holders since they are not required to purchase any other licenses in the state of Mississippi. In addition, the agency had to eliminate the number of duplicate permit holders by using percentages obtained from a survey conducted in fiscal year 1998. The agency's calculations contained errors, resulting in an overstatement (1,793 persons) in the number of paid fishing license holders reported on the fiscal year 2000 annual certification.

In our review of internal controls, we noted a lack of a supervisory review and verification of the accuracy of the report prior to submission to the federal funding agency. The error in the fiscal year 2000 report was not detected by agency personnel. Failure to properly report figures on the certification could impede the United States Fish and Wildlife Services' ability to properly monitor the grant.

Recommendation:

We recommend the Mississippi Department of Wildlife, Fisheries and Parks exercise caution in the preparation of federal reports. We further recommend the agency have a supervisor review the reports for accuracy prior to submission to the federal grantor agency.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF TRANSPORTATION

**CFDA/Finding
Number**

Finding and Recommendation

TRANSPORTATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

20.205

Highway Planning and Construction

Federal Award Number and Year: Various

01-07

Internal Controls over Sampling and Testing of Materials Should Be Strengthened

Finding:

The Code of Federal Regulations (23 CFR 637.205) states that a Department of Transportation must have a sampling and testing program for projects to ensure that materials and workmanship generally conform to approved plans and specifications. The Mississippi Department of Transportation - Office of State Aid Road Construction's (agency) standard operating procedures establish guidelines for sampling and testing frequencies of materials on a project. All sampling and/or testing is the responsibility of the county engineer. One copy of the test report is required to be submitted to the agency for its project record files. Based on in-house reviews of these test reports, agency personnel should determine whether the guidelines have been met. We selected a total of 40 pay items from ten projects in order to determine if the number of tests required by the agency were performed by the county engineers. We noted for four out of 40 pay items tested, a sufficient number of sampling test reports was not on file.

Recommendation:

We recommend the Mississippi Department of Transportation - Office of State Aid Road Construction strengthen internal controls to ensure sufficient sampling and testing is performed on materials and that all required test reports are submitted by the counties.

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STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

84.027
84.173

Special Education - Grants to States
Special Education - Preschool Grants

Federal Award Number and Year: H173A990113 and H027A99108A, 1999;
H173A000113 and H27A00108A, 2000

01-11

Controls over Subgrant Applications Should Be Strengthened

Finding:

The Mississippi Department of Education - Bureau of Special Education is responsible for subgranting funds to local educational agencies (LEAs) from the Special Education - Grants to States and Special Education - Preschool Grants. Each LEA must submit an application which includes a budget specifying how the funds will be used, statements of assurances and other required documentation. These applications are reviewed for propriety by program staff and then forwarded to a program director for review and approval. During our testwork on 37 subgrant applications, we encountered four applications that did not include evidence of the review and approval of a program director. Good internal controls require documented supervisory reviews of all applications and amendments to provide reasonable assurance federal awards are subgranted to LEAs only for allowable activities. Without the proper review and approval of subgrant applications and amendments, federal funds could be expended for services not allowed by the federal regulations.

Recommendation:

We recommend the Mississippi Department of Education strengthen controls over the Special Education - Grants to States and Special Education - Preschool Grants to ensure a supervisory review and approval is documented on each subgrant application and amendment.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

REHABILITATION SERVICES

MATCHING, LEVEL OF EFFORT, EARMARKING

REPORTING

Reportable Condition

84.126

Rehabilitation Services - Vocational Rehabilitation Grants to States

Federal Award Number and Year: Various

01- 29

Reported Expenditures for State Match Should Agree to Accounting Records

Finding:

The Code of Federal Regulations (34 CFR Part 361.84) states federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the State meets the matching requirement for those federal funds by obligating the non-federal share in the fiscal year for which the funds were appropriated.

During matching testwork for the Rehabilitation Services-Vocational Rehabilitation Grants to States (VR) program at the Mississippi Department of Rehabilitation Services, we reviewed the September 30, 2000, financial status report (SF-269) for the fiscal year 2000 Section 110 grant. The agency reported the total recipient share of net outlays (state match) for the grant award in the amount of \$9,628,879. However, the totals related to the state match could not be traced into the accounting records. As a result, we could not determine that matching requirements were met. Standards for financial management systems are prescribed by the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (OMB Common Rule). These standards require that grantees maintain accounting records which adequately identify the source and application of funds provided for financially-assisted activities. Also, good internal controls dictate financial information reported to the federal grantor should agree with accounting records in order to support compliance with the matching requirements. Failure to ensure that financial information submitted to the federal grantor agrees to the accounting records could result in a loss of federal funds.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services ensure amounts reported to the federal government for state match accurately reflect expenditures reported in the agency accounting records. Differences between the agency accounting records and the federal report as explained above should be promptly resolved. We further recommend the agency prepare annually a report of state match expenditures for our review.

REHABILITATION SERVICES

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.126

Rehabilitation Services-Vocational Rehabilitation Grants to States

Federal Award Number and Year: Various

01-09

Internal Controls over Annual Reviews of IPEs Should Be Strengthened

Finding:

During our review of 40 case files for the Rehabilitation Services - Vocational Rehabilitation Grants to States (VR) program at the Mississippi Department of Rehabilitation Services, we noted the following weaknesses in annual reviews of the individualized plan for employment (IPE):

- Seven instances in which no annual review was performed.
- Six instances in which the annual review was not performed within the required time frame.
- Two instances in which the counselor did not sign the review.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF EDUCATION (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

According to the Code of Federal Regulations (34 CFR 361.45), the IPE is to be reviewed at least annually by a qualified vocational rehabilitation counselor and the eligible individual (or the individual's representative) to assess the individual's progress in achieving the identified employment outcome. Without an annual review, it is difficult to assess the client's progress towards achieving the employment outcome.

Recommendation:

We recommend the Mississippi Department of Rehabilitation Services strengthen internal controls over the annual reviews of the individualized plan for employment (IPE). Counselors should ensure the IPE is reviewed at least annually with the eligible individual (or the individual's representative) to assess the individual's progress in achieving the identified employment outcome. Furthermore, the counselors should sign and date the annual reviews as evidence of their review.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**CFDA/Finding
Number**

Finding and Recommendation

HEALTH

REPORTING

Reportable Condition

93.994

Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: 2 B04 MC 00301-03, 1999

01-03

Controls Should Be Strengthened to Ensure Special Reports Are Accurate, Complete and Properly Supported

Finding:

The United States Code (42 USC 706) requires each state to prepare and submit an annual report on the activities of the Maternal and Child Health Services Program. It further requires the report to be in a standardized form and to contain certain information. Additionally, OMB Circular A-133 Compliance Supplement indicates that Form 3 through Form 8 of the annual report contain critical information. Auditors are required to ensure information on the forms is correct.

Testwork performed at the Mississippi State Department of Health on the fiscal year 1999 annual report submitted with the fiscal year 2001 application revealed the following problems:

- On Form 4, Budget Details by Types of Individuals Served, amounts expended for the first two categories were incorrect, although the total of the two amounts appeared correct.
- On Form 5, State Title V Program Budget and Expenditures by Types of Services, the total amount expended was not separated into types of services listed on the form.
- On Form 7, Number of Individuals Served (Unduplicated) Under Title V, supporting documentation could not be provided for all data.
- On Form 8, Deliveries and Infants Served by Title V and Entitled to Benefits under Title XIX, supporting documentation could not be provided for all data.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Good internal controls require that reports receive adequate supervisory review to ensure accuracy, compliance with report requirements, and to ensure supporting documentation is maintained. Lack of adequate supervisory review of the annual report could result in the submission of incorrect figures to the federal grantor. Because supporting documentation was not maintained, as described above, we could not verify that all data on Forms 7 and 8 was correct.

Recommendation:

We recommend the Mississippi State Department of Health strengthen controls by exercising greater care when reports are reviewed by supervisory personnel to ensure propriety prior to submission to federal grantor. Supporting documentation, including required categories of program data, should be compiled and maintained for all data on federal reports.

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: G-0101MSTANF, 2000

01- 12

Controls Should Be Strengthened for Allowable Costs/Cost Principles

Finding:

The Mississippi Department of Human Services allocated funds under the Temporary Assistance for Needy Families (TANF) grant to subrecipients to carry out the purposes of the grant. We performed allowable costs/cost principles testwork on 28 payments to subrecipients for fiscal year 2001 and noted the following problems:

- One instance in which an adjusting entry totaling \$996,131 was posted incorrectly to the agency's accounting records. The entry was intended to move TANF payroll expenses for October 2000 from one grant year to another. It appears the entry was posted backwards which misstated both grant years' expenses.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Seven instances in which transactions were coded as an advance to subrecipients; however, review of supporting documentation indicated the payments were reimbursements for costs incurred.
- Five instances in which a comparison of the subrecipient's request for cash to the subsequent reporting worksheet indicated the cash requested was not for immediate (current) needs. The time between receipt of requested cash and the subsequent disbursement by the subrecipient as reported on the reporting worksheet appeared to be excessive. We noted the Subgrantee Manual, revised 1996, does not provide a definition of current needs. Instances noted by the auditors indicated subrecipients were drawing funds several months ahead of actual need based on the approved budget.
- One instance in which the payment to a subrecipient was coded as a transfer instead of subsidies, loans and grants.
- One instance in which the auditor was not able to correlate the costs reported by the subrecipient per the reporting worksheet with the amount of cash requested for the same time period.

Adequate controls should be in place to ensure that payments are made in accordance with the allowable costs/costs principles guidelines. Failure to properly classify payments to subrecipients as an advance or a reimbursement could misstate agency financial statements, as well as impede oversight of the subrecipient's financial status by program personnel. Without a clear guideline to aid subrecipients in determining immediate needs, the agency could be responsible for drawing federal funds for an excessive period of time. Also, because of the errors noted, it appears the programmatic and fiscal reviews are not effective to prevent and/or detect errors.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen its existing controls for allowable costs/cost principles. Greater care should be utilized in coding payments to subrecipients as advances or reimbursements. We also recommend the agency provide a definition of immediate cash needs and include this in the next revision to the Subgrantee Manual. The agency should not allow subrecipients to draw federal funds in advance for an excessive amount of time.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: G-01-04-MS-4004, 2001

01- 13

Controls over Child Support Enforcement Expenditures Should Be Strengthened

Finding:

Testwork performed on expenditures charged to the Child Support Enforcement program at the Mississippi Department of Human Services for fiscal year 2001 revealed the following:

- Two instances of 40 tested, or 5 percent, in which an incorrect reporting category was used. This resulted in expenditures being charged to an incorrect grant year.
- Two instances of 40 tested, or 5 percent, in which there was no evidence of program personnel review and approval prior to payment.

The Child Support Enforcement program expenditures include invoices for court fees. Without a review by program personnel, the agency could remit payment for cases not under the jurisdiction of the Mississippi Department of Human Services. Good internal controls require a documented review of all expenditures to provide reasonable assurance federal awards are expended only for allowable activities. The review should be performed by individuals knowledgeable of program requirements. Without a review by program personnel, federal funds could be expended for services not allowed under the grant agreement.

**STATE OF MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Part 3 - Federal Award Findings and Questioned Costs (continued)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding Number	Finding and Recommendation
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Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over Child Support Enforcement program expenditures. Procedures should include, but not be limited to, the following:

- All expenditures related to the Child Support Enforcement program, other than administrative expenditures that are of a general nature to the operation of the agency, should be forwarded to program staff for review and approval.
- Program personnel should review expenditures and document the review on the face of the invoice or appropriate form.
- Exercise greater care when reviewing expenditures to ensure proper coding.

HUMAN SERVICES

ALLOWABLE COSTS / COST PRINCIPLES

Reportable Condition

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E

Federal Award Number and Year: Various

01- 14	<u>Controls over the Cost Allocation Plan Should Be Strengthened</u>
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Finding:

Testwork performed on the cost allocation plan (plan) at the Mississippi Department of Human Services for fiscal year 2001 revealed the following:

- Statistical data compiled from the agency time study and used in the cost allocation process was not reviewed by agency personnel for accuracy.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- It is necessary to use a cost allocation crosswalk worksheet to track information from reporting categories in the accounting system to the cost allocation reports. Two instances were noted in which the activity code on the cost allocation crosswalk worksheet was input incorrectly to the computer system which generated the cost allocation reports CA07 and CA09 for quarters September 30, 2000 and December 31, 2000. We also noted the cost allocation crosswalk worksheets did not contain evidence of supervisory review.
- One instance was noted in which \$40.63 was charged to cost pool P230 - a cost pool not included in the cost allocation plan approved by the federal grantor agency for fiscal year 2001.
- We noted salaries of four employees were charged to the Office for Children and Youth Services cost pool P265 in the month of March 2001. However, based on organizational charts, time records and payroll reports, these employees were not employed with this division but worked in other divisions of the agency.

Internal control guidelines in the Office of Management and Budget (OMB) Circular A-133 state management should monitor control procedures to ensure the quality of internal control performance over a period of time. In addition, OMB Circular A-87, Attachment A, requires the distribution of joint costs related to a grant program be supported by a cost allocation plan. Costs charged to a cost pool in error or a cost pool not approved by the federal grantor agency could result in questioned costs. Likewise, the use of data and worksheets which have not been reviewed for accuracy by supervisory personnel could allow use of incorrect or incomplete information in the plan.

Recommendation:

We recommend the Mississippi Department of Human Services exercise greater care in compiling the cost allocation plan. Management should routinely review the cost allocation plan to identify when changes are needed. When new cost pools are established or when changes have been identified, the agency should promptly request federal approval. Agency personnel should review computations and data used in the cost allocation process to ensure accurate distribution of costs to federal programs. Employee time records, payroll and cost allocation reports should be reviewed to ensure employee salaries are allocated to the appropriate cost pool.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding Number	Finding and Recommendation
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HUMAN SERVICES

CASH MANAGEMENT

Reportable Condition

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care - Title IV-E

Federal Award Number and Year: Various

01- 15	<u>Controls over Cash Management Should Be Strengthened</u>
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Finding:

We tested 25 cash draws for fiscal year 2001 at the Mississippi Department of Human Services and noted the following problems:

- In three instances, amounts requested from the federal grantor did not agree with the supporting worksheet provided to the auditor. While the differences appeared to be immaterial in amount, agency personnel should maintain documentation to support amounts requested.
- In two instances, funds were not requested in accordance with the Treasury-State Agreement. Funds drawn for the Temporary Assistance for Needy Families (TANF) program initiatives were not drawn using an average daily clearance but rather as a lump sum. Agency personnel indicated the TANF initiatives were originally set up as lump sum draws in error. The agency corrected this after the initial draws and subsequent draws for the TANF initiatives were made using the average daily clearance. We estimated the interest liability incurred would be immaterial.
- In one instance, funds were drawn for the Temporary Assistance for Needy Families (TANF) program from the Child Care and Development Block Grant (CCDF).
- Although each request for federal funds was signed by a supervisor, because of errors noted, the review did not appear to be an effective control in detecting errors and ensuring agreement with supporting documentation.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Internal control guidelines in the Office of Management and Budget (OMB) Circular A-133 state there should be written policies detailing procedures for requesting cash. Given the size and complexity of the agency's cash management system, good internal controls dictate the agency develop detailed written policies and procedures for requesting federal funds. Also, supervisory personnel should review each request and supporting documentation for accuracy, agreement, and compliance with the Treasury-State Agreement. Inadequate controls over cash management could hinder the agency's ability to manage federal funds effectively and to comply with federal laws.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over cash management by implementing the following:

- Perform a detailed review of all requests for funds and supporting documentation to ensure accuracy and agreement.
- Develop detailed written policies and procedures for requesting federal funds. These procedures should be sufficiently detailed to include various situations that occur during the normal course of business and outline all steps involved in calculating the federal draw amount.
- Request funds in accordance with the Treasury-State Agreement to ensure compliance with regulations of the Cash Management Improvement Act.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: G-0101MSTANF, 2001

01- 16

Competitive Procurement Practices Should Be Followed for the TANF Program

Finding:

The State of Mississippi was identified by the U.S. Department of Health and Human Services as one of several states not making the maximum use of the federal Temporary Assistance to Needy Families (TANF) funds that had been awarded to the state over the past four grant years. The Department of Human Services administers the TANF grant for the State of Mississippi. In an effort to identify additional program areas for which TANF funds could be utilized, the agency implemented six initiatives in fiscal year 2001. These initiatives were to provide funds to groups/individuals interested in developing programs to assist needy families end their dependency on welfare. The six initiatives established by the agency were:

- Expansion of Family First Resource Centers;
- Intensive Youth Supervision;
- Child Care Enhancement;
- Fatherhood Initiative;
- Post Employment; and
- TANF Prevention/Intervention

In a request for proposal (RFP) dated June 28, 2000, the agency solicited proposals from interested parties for programs to implement the six initiatives. The agency also contracted with a group of persons from throughout the state with interests in fields related to the initiatives to review the proposals received. Proposals were due to the agency by August 11, 2000. The developed review process called for three contract reviewers to rank and score each proposal received based upon predetermined criteria established by the agency.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

The reviewer provided written comments (both positive and negative), checked a “Yes” or “No” line to indicate a recommendation for funding, and provided a numerical score between 1 and 100. The three scores for each proposal were averaged to determine a total ranking score. All proposals receiving a total ranking score of 70 or above were to be considered for funding. A total of 400 proposals were approved by the agency for funding totaling \$49,211,129.

Our review of the process of funding the proposals revealed 123 of 400 proposals approved and funded, or 31 percent, failed to receive the required score of 70 or above. Testwork performed on 25 of 400 proposals approved and funded revealed:

- Seven proposals, or 28 percent, for which the reviewers’ recommendations were to not fund the proposal. For each of these proposals, the score given by the reviewers was less than 70, and the “No” line was checked to indicate no funding was recommended. However, the proposal was funded by the agency.
- Four proposals, or 16 percent, for which the reviewers’ comments on the evaluation sheets did not appear to warrant the score awarded to the subrecipient. In these instances, the reviewers’ comments were clearly negative, yet the proposal was awarded a score of 70 or higher and the reviewer marked the “Yes” line recommending funding. In these instances, no justification was given for the discrepancy between the reviewers’ comments and the score/recommendation.

Failure to follow the pre-determined process by funding proposals which received a score of less than 70 appears to undermine the competitive process of determining the best proposals to fund.

Testwork performed on 40 monitoring documents of subrecipients revealed four TANF initiative subrecipients with significant problems. These four subrecipients received a score of less than 70 on their proposals which should have disqualified them from obtaining TANF funding under the initiatives. Problems noted by the monitors included lack of records, inadequate accounting systems, failure of records to support costs claimed on reporting worksheets, conflict of interest in business dealings and identified questioned costs. The agency has received repayment of questioned costs in one case and is pursuing repayment in another case. One of the subrecipient files was forwarded to the Attorney General’s Office for further investigation. The monitoring results underscores the need for the agency to adhere to set criteria in determining proposals for funding under the TANF initiatives.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Because of significant staffing changes throughout fiscal year 2001 at the Department of Human Services, personnel with knowledge of the funding of the proposals were not available. Therefore, the agency has been unable to provide justification for funding proposals not meeting the agency's established requirements. With 31 percent of proposals funded failing to meet agency criteria, it appears the agency's review process was ineffective, resulting in noncompetitive practices in awarding funds for the TANF Initiatives. Likewise, the results of monitoring performed by the agency appears to indicate that funding proposals not recommended by the reviewers could have placed federal and state funds in jeopardy and resulted in questioned costs.

Recommendation:

We recommend the Mississippi Department of Human Services review procedures for determining funding for subrecipient proposals under the TANF initiatives. These procedures should include carefully following the guidelines and requirements established by the agency to ensure competitive procedures are employed in the funding of proposals under the Temporary Assistance for Needy Families (TANF) Program.

HUMAN SERVICES

PROCUREMENT AND SUSPENSION AND DEBARMENT

Reportable Condition

93.563

Child Support Enforcement

Federal Award Number and Year: G-01-04-MS-4004, 2001

01-17

Certification Regarding Suspension and Debarment Should Be Included in Contracts

Finding:

The Mississippi Department of Human Services - Division of Child Support Enforcement did not include the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction clause in awarded contracts. The Code of Federal Regulations (45 CFR Part 76) states contractors receiving awards for \$100,000 or more are required to certify the organization is not presently suspended or debarred. Failure to comply with federal regulations could result in contracts being awarded to suspended or debarred parties.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services include the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction clause in request for proposals and/or contracts as required by federal regulations.

HUMAN SERVICES

REPORTING

Reportable Condition

93.558

Temporary Assistance for Needy Families

Federal Award Number and Year: G-0101MSTANF, 2001

01-18

Federal Financial Reports Should Agree with Accounting Records

Finding:

In fiscal year 2001 the schedule of federal financial assistance for the Mississippi Department of Human Services' fund 3651 was prepared from the agency's federal financial reports. The report (ACF-196) did not agree with the agency's accounting records for expenditures relating to the 2000 and 2001 Temporary Assistance for Needy Families (TANF) program. Adjustments relating to changing the grant year to which expenditures were charged were not recorded in the accounting records.

Good internal controls dictate a detailed supervisory review of federal reports and comparison of the reports to the accounting records prior to submission to the grantor agency. Accounting principles generally accepted in the United States of America require amounts reported on the financial statements to be accurate and supported in the accounting records.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls to ensure the federal financial reports used to prepare the schedule of federal financial assistance for fund 3651 are accurately prepared. These procedures should include, but not be limited to, a detailed supervisory review of the federal financial reports and a comparison of these reports to the accounting records before the reports are submitted to the grantor agency. Any adjustments identified during this review should be made to the accounting records immediately, and documentation should be kept for audit purposes.

HUMAN SERVICES

REPORTING

Reportable Condition

93.658

Foster Care--Title IV-E

Federal Award Number and Year: 0101-MS-1401, 2001

01-19

Controls over Reporting Should Be Strengthened

Finding:

In performing follow up procedures for a prior year finding regarding federal reporting for the Foster Care - Title IV-E Program at the Mississippi Department of Human Services, we found that adjustments made in the prior year to the quarter ending December 31, 1999 were still not posted to the accounting records. Therefore, the expenditures reported on the federal financial report are not in agreement with the agency's accounting records. These adjustments relate to costs questioned during an audit performed on the program by the U.S. Department of Health and Human Services - Office of Inspector General on retroactive claims for foster care administrative and training costs and maintenance payments.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Good internal controls dictate that appropriate procedures be in place to ensure all adjustments to federal reports be posted to the agency's accounting records. Failure to do so could result in the reports not being prepared correctly and the amounts reported not agreeing with the agency's accounting records. Agency personnel stated that the adjustments related to costs previously disallowed by the federal grantor agency. The Mississippi Department of Human Services has appealed that decision and is waiting the outcome of the appeal. Until that time, the agency does not want to post adjustments to the accounting records.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over federal financial reporting to ensure expenditures reported on the Foster Care-Title IV-E-1 quarterly federal financial reports for the Foster Care Program agree with the agency's accounting records.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

- 93.558 Temporary Assistance for Needy Families
- 93.563 Child Support Enforcement
- 93.568 Low-Income Home Energy Assistance
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.658 Foster Care - Title IV-E

Federal Award Number and Year: Various

01- 20 **Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements**

Finding:

Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity (primary recipient of federal funds) to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient receiving more than \$300,000 in a fiscal year. The audits are due to the primary agency within nine months after the end of the subrecipient's fiscal year. In addition, OMB Circular A-133 requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient took appropriate and timely corrective action.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

The Mississippi Department of Human Services provided \$300,000 or more of federal financial assistance to multiple subrecipients through a variety of federal programs during fiscal year 1999. Audits of the subrecipients for the 1999 fiscal year were due to the agency by June 2000 for review and follow-up between June 2000 and December 2000. Testwork performed on subrecipient audits received and reviewed by the agency during fiscal year 2001 for subrecipient audit year 1999 revealed the following:

- The agency uses a Subrecipient Tracking System to generate reminder letters which are mailed to subrecipients. These letters remind subrecipients of audit report requirements. However, we noted the reminder letters did not indicate the deadline for submitting audit reports to the agency. We also noted the due date is not recorded in the tracking system.
- For seven out of 20 subrecipients tested, or 35 percent, we noted the reminder letters were not mailed to subrecipients in a timely manner. The letters were mailed either the month before or months after the audit report was due. Therefore, the subrecipients were not provided a sufficient time, based on the date of the reminder letter, to have an audit performed, reviewed and submitted to the agency before the deadline. For this reason, the reminder letters would not have the impact expected had they been prepared and mailed earlier. We noted that of the seven subrecipients receiving the late letters described above, four failed to meet the audit deadline.
- For six out of 20 subrecipients tested, or 30 percent, we noted audit reports were not submitted to the agency within the nine-month deadline. The six subrecipients noted here include the four noted in the preceding paragraph.
- For one out of 20 subrecipients tested, or 5 percent, we noted the agency failed to respond to audit findings within six months of receipt of the report from the subrecipient. It is the responsibility of the division providing funding to the subrecipient to perform follow-up on the audit findings.

Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely. While the agency does have a centralized system for receiving subrecipient audit reports, it appears that controls in place to ensure audit reports are submitted timely, reminder letters are mailed timely, and corrective action is taken in a timely manner need to be strengthened.

**STATE OF MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Part 3 - Federal Award Findings and Questioned Costs (continued)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
 Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over subrecipient monitoring by performing the following:

- Mail reminder letters to subrecipients in a timely manner to ensure compliance with audit requirements. The letters should include the due date of the audit report. The due date should be included in the agency’s subrecipient tracking system.
- Implement procedures to ensure reviews of subrecipient audits are completed timely. The appropriate funding division within the agency should be notified of any subrecipient audit findings and should resolve these findings within six months of receipt of the report by the agency.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year: Various

01- 21 **Controls Should Be Strengthened over Subrecipient Monitoring**

Finding:

The Mississippi Department of Human Services’ Division of Program Integrity-Bureau of Audit and Evaluation is responsible for monitoring subrecipients. Monitoring procedures include testwork on eligibility determination, purchase and recording of equipment, cash receipts, and cash disbursements. The monitoring workpapers are reviewed and approved by supervisory personnel prior to issuance of a written report to the subrecipients. The review and approval process includes completion of a Monitoring Folder Checklist. The checklist includes indicating review of all required workpapers (i.e. fiscal and programmatic monitoring tools, draft and final reports, and response) by supervisory personnel. The Subgrantee Manual, revised 1996, states that the monitor’s report should be completed within 30 calendar days after the exit conference.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

We performed testwork on monitoring of 40 subrecipients and noted the following problems:

- Nine instances in which the review and approval of the monitoring report was untimely. Therefore, the reports were not issued within 30 calendar days. For the instances noted, the reports were issued several months after the 30-day deadline.
- Two instances in which the Director of the Bureau of Audit and Evaluation or the Director of the Division of Program Integrity failed to sign the Initial Monitoring Report indicating review of the workpapers.
- Two instances in which no fiscal monitoring tool was completed and included in the monitoring files.
- Three instances in which the programmatic tool was not properly completed. One of these instances includes failure on the part of the monitor to verify that the subrecipient was not suspended or debarred. Follow-up performed by the auditor revealed the subrecipient was on the suspended list provided by the federal government.
- One instance in which the entrance conference was not documented.
- Two instances in which no corrective action plan (written response from the subrecipient) was on file.
- Two instances in which no documentation was on file to indicate the agency received payment of questioned costs from the subrecipient.

Good internal controls require monitoring workpapers be promptly and properly reviewed by supervisory personnel to ensure accuracy and completeness. Noncompliance with federal regulations and mismanagement of federal funds could occur and go undetected if workpapers are not properly reviewed in a timely manner and appropriate follow-up action implemented promptly.

**STATE OF MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Part 3 - Federal Award Findings and Questioned Costs (continued)**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
 Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls in place over subrecipient monitoring by performing the following:

- Ensure review and approval of monitoring workpapers is completed in a timely manner so that reports can be issued within 30 calendar days of the exit conference as required by the Subgrantee Manual.
- Mail letters to subrecipients outlining findings and requesting corrective action plans in a timely manner.
- Perform adequate follow-up to ensure receipt of corrective action plans and questioned costs from subrecipients.

HUMAN SERVICES

SUBRECIPIENT MONITORING

Reportable Condition

93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award Number and Year: Various

01- 22 **Monitoring Staff Should Be Adequately Trained**

Finding:

The Mississippi Department of Human Services allocates funds to subrecipients to carry out various federally funded programs. Personnel of the Division of Program Integrity are responsible for monitoring subrecipients. During fiscal year 2001, the agency expanded programs under the Temporary Assistance for Needy Families (TANF) grant by funding programs grouped into six initiatives. Addition of the six initiatives increased the number of subrecipients receiving funding by approximately 400. Because of the large increase in the number of subrecipients, personnel from various funding divisions throughout the agency assisted in monitoring subrecipients receiving funding from various federal programs for fiscal year 2001.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Monitoring procedures included desk reviews and on-site visits, using fiscal and programmatic monitoring documents. Testwork performed by the monitors included eligibility determination, purchase and reporting of equipment, cash receipts, and cash disbursements. As a part of our review of agency procedures over subrecipient monitoring, we reviewed 40 monitoring documents and noted the following problems:

- Two instances in which the monitor indicated problem areas on the monitoring tools. However, the problem areas were not communicated in a finding to the subrecipients.
- One instance in which the monitor failed to complete the cash receipts testwork section of the monitoring document.
- One instance in which the subrecipient purchased equipment. However, the approved budget for the subrecipient did not include equipment. This unallowed cost was not identified by the monitor as a problem, and the monitor failed to complete the equipment testwork section in the monitoring document.
- One instance in which the subrecipient purchased equipment approved in the budget; however, the monitor failed to complete the equipment testwork section in the monitoring document.
- Two instances in which a fiscal monitoring tool was required to be completed. In these two instances, a fiscal monitoring document could not be located in the monitoring files.
- Three instances in which eligibility testwork was not performed as called for in the monitoring document.
- One instance in which the monitoring document indicated numerous problems; however, the monitor did not classify the problems as problem areas. Therefore, the problem areas were not addressed as findings as called for in the monitoring document.
- Two instances in which eligibility determination by the subrecipient, and the re-determination by the monitor, was not based on total household income as stipulated by program requirements.
- One instance in which the entrance conference was not documented.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Three instances in which the programmatic monitoring tool was not properly completed. Certain sections were omitted with no explanation documented as to why they were omitted.
- One instance in which the monitor failed to complete the section on suspension and debarment. Our follow-up revealed the subrecipient was identified on the suspension and debarment list on file at the agency. Therefore, this subrecipient should have been prohibited from participating in the program. Had the monitor completed this section, the subrecipient could have been terminated from the program sooner.

Good internal controls require monitors to be properly trained to ensure adequate procedures over subrecipient monitoring are in place to safeguard federal and state funds expended by subrecipients. The numerous errors noted during our review of monitoring documents completed by agency personnel indicate additional training is needed to ensure desk reviews and on site monitoring visits are adequately performed to accomplish agency monitoring of subrecipients. Also, because numerous subrecipients were added to the TANF initiatives, the agency should verify subrecipients are not included on the suspension and debarment listing available from the federal grantor agency.

Recommendation:

We recommend the Mississippi Department of Human Services strengthen controls over subrecipient monitoring by performing the following:

- Ensure all monitoring personnel possess adequate knowledge, skills and abilities to perform monitoring duties.
- Ensure all monitoring personnel receive adequate training in proper completion of desk reviews and programmatic and fiscal monitoring documents.
- Implement the procedure of verifying subrecipients are not on the federal listing of suspended or debarred individuals or businesses.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

CFDA/Finding
Number

Finding and Recommendation

MENTAL HEALTH

SPECIAL TESTS AND PROVISIONS

Reportable Condition

93.959

Block Grants for Prevention and Treatment of Substance Abuse

Federal Award Number and Year: 01B1MSSAPT, 2001

01-06

Procedures Should Be Established to Ensure Required Independent Peer Reviews Are Performed

Finding:

Federal regulation (42 USC 300x - 53) requires the state to provide for independent peer reviews of at least 5 percent of the entities providing services under the Block Grant for Prevention and Treatment of Substance Abuse (SAPT) program to assess the quality, appropriateness, and efficacy of treatment services provided under the program. The state should ensure the entities reviewed are representative of the total population of such entities.

The Mississippi Department Mental Health did not perform the required number of independent peer reviews for the SAPT Block Grant during fiscal year 2001. Our review indicated the minimum number of peer reviews required to be performed was two. Two reviews were scheduled; however, one of the peer reviews was cancelled, causing the 5 percent minimum requirement to not be met. In addition, the entity reviewed was not representative of the total population. Agency subrecipients fall into two categories: Regional Mental Health Centers and Not-for-Profit Service Providers. The scheduled reviews were both Regional Centers. The agency should have scheduled and performed a review for at least one Regional Center and at least one Not-for-Profit Service Provider. Good internal controls dictate procedures be in place to ensure the minimum number of independent peer reviews are conducted and these reviews are representative of the total population.

Recommendation:

We recommend the Mississippi Department of Mental Health establish procedures to ensure the required number of peer reviews are performed each year. Entities selected should be representative of the total population of facilities providing services under the Block Grant for Prevention and Treatment of Substance Abuse program.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

ACTIVITIES ALLOWED OR UNALLOWED

Reportable Condition

93.585

Empowerment Zones Program

Federal Award Number and Year: G-9611-MS-EZRU, 1996

01- 28

Internal Controls over Expenditures Should Be Strengthened

Finding:

During testwork for the Empowerment Zones Program at the Mississippi Development Authority, we noted two out of ten expenditures were approved and subsequently paid before a contract was signed between an empowerment zone and its subrecipient. Per the United States Code at 42 USC Section 1397f (c)(1), each state that receives a grant under this section shall use the grant (1) for services directed only at goals set forth in this title, (2) in accordance with the strategic plan for the area, and (3) for activities that benefit residents of the area for which the grant is made.

Good internal controls dictate a signed contract between the empowerment zone and its subrecipient must exist before funds are drawn for that subrecipient. Good internal controls also dictate the programmatic review and approval of an expenditure should ensure its compliance with a signed contract and supporting documentation prior to the expenditure of federal grant funds. Failure to perform a thorough review of the Request for Cash and its supporting documentation and ensure a signed contract exists between the empowerment zone and its subrecipient could result in approval of costs that are not allowable per federal regulations and the area's strategic plan.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls over the review and approval of expenditures to ensure those expenditures are in accordance with federal regulations, the area's strategic plan and an approved signed contract between the empowerment zone and its subrecipient.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**CFDA/Finding
Number**

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

93.585

Empowerment Zones Program

Federal Award Number and Year: G-9511-ECRU, 1995; G-9511-MS-EZRU, 1995; G-9611-MS-EZRU, 1996

01- 23

Internal Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

Two of three subrecipients of the Empowerment Zones Program at the Mississippi Development Authority expended \$300,000 or more of federal assistance during fiscal years 1999 and 2000. The Office of Management and Budget (OMB) Circular A-133 requires subrecipients expending over \$300,000 in federal awards during the fiscal year to obtain a single audit. These reports must be submitted to the primary recipient within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period. The Circular requires the primary recipient of federal funds to determine whether subrecipients have met the appropriate audit requirements. In addition, the Circular requires the primary recipient to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure the subrecipient implements appropriate and timely corrective action.

Subrecipient monitoring testwork performed at the Mississippi Development Authority revealed the following:

- As of the January 15, 2002, date of audit fieldwork, one of the two subrecipients had not submitted a single audit report for fiscal year 1999 or 2000.
- One of the two subrecipients had properly submitted a single audit report for fiscal year 1999; however, as of the January 15, 2002, date of audit fieldwork, the agency did not have documentation on file evidencing the report had been reviewed or a management decision issued to ensure the subrecipient implemented appropriate and timely corrective action. Also, as of the date of audit fieldwork, a single audit report had not been received for fiscal year 2000.

STATE OF MISSISSIPPI
Schedule of Findings and Questioned Costs
Part 3 - Federal Award Findings and Questioned Costs (concluded)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Failure to ensure the receipt of subrecipient audits in a timely manner and the prompt follow-up of any audit findings increases the potential for noncompliance with federal regulations by the subrecipient to occur without being detected.

Recommendation:

We recommend the Mississippi Development Authority strengthen internal controls over subrecipient monitoring for the Empowerment Zones Program by performing the following:

- To ensure subrecipients submit audit reports in a timely manner, the agency should mail letters to subrecipients two to three months prior to the due date of the audit report as a reminder of the single audit report requirements. The letter should include the due date of the audit report.
- The agency should implement procedures to ensure reviews of the subrecipient audits are completed timely and corrective action is taken by the subrecipients.

**II. SUMMARY SCHEDULE OF PRIOR
FEDERAL AUDIT FINDINGS**



STATE OF MISSISSIPPI

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

Instructions to Management

Each state grantee agency included in the prior year Single Audit Report for the State of Mississippi prepared a summary schedule of prior federal audit findings as required by OMB Circular A-133, Section 315 (b). In order to provide a systematic approach for reporting, agencies were asked to follow the format listed below.

For each prior year federal audit finding, the agency should include the following: (1) finding identification including finding number, finding heading, *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, CFDA number and program name should be listed in the same sequence as presented in the prior year Single Audit Report.
- (2) The current status should be identified with one of the following terms:
 - a. "Fully Corrected" - All corrective action has been taken.
 - b. "Partially Corrected" - Some, but not all, corrective action has been taken.
 - c. "Not Corrected" - Corrective action has not been taken.
 - d. "Not Valid" - Finding is no longer valid and does not warrant further action.
- (3) Corrective action should be noted for findings that are not identified as "Fully Corrected."
 - a. When audit findings are "Partially Corrected" or "Not Corrected," describe the planned corrective action as well as any partial corrective action taken.
 - b. When audit findings are "Not Valid," describe the reasons the findings are no longer considered valid or do not warrant further action.

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STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001

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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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* Even though the agency indicates the finding was fully corrected, a similar condition existed in fiscal year 2001, and a finding was written to address the condition.

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001

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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
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STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION

Richard L. Thompson
State Superintendent of Education

SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2001

00-13 Internal Controls Over Claims' Reimbursements Should Be Strengthened

- CFDA #10.553 School Breakfast Program
- CFDA #10.555 National School Lunch Program
- CFDA #10.556 Special Milk Program for Children
- CFDA #10.558 Child and Adult Care Food Program

FULLY CORRECTED

00-14 Internal Controls Should Be Established Over Reporting

- CFDA #10.553 School Breakfast Program
- CFDA #10.555 National School Lunch Program
- CFDA #10.556 Special Milk Program For Children
- CFDA #10.558 Child and Adult Care Food Program
- CFDA #10.559 Summer Food Service Program For Children

NOT CORRECTED

Internal control procedures have been established to resolve this finding. The procedures were implemented in conjunction with the report submission in August 2001. Documentation has been provided to the auditors to support the resolution of this finding.

00-15 Special Reports Should Be Accurate and Complete

- CFDA #10.553 School Breakfast Program
- CFDA #10.555 National School Lunch Program
- CFDA #10.556 Special Milk Program for Children
- CFDA #10.558 Child and Adult Care Food Program

FULLY CORRECTED

Signed: Richard L. Thompson
Richard L. Thompson, State Superintendent of Education

Date: 12-12-01

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2001

00-3 Internal Controls over Subrecipient Monitoring Should Be Strengthened

10.557 Special Supplemental Nutrition Program for Women, Infants and
Children

FULLY CORRECTED

Signed:



F. E. Thompson, Jr., M.D., M.P.H.
State Health Officer

Date:

1/10/02

F. E. Thompson, Jr., MD, MPH, State Health Officer

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STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
JANICE BROOME BROOKS
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR 1999 AND 2000

99-17 Controls to Ensure Compliance with the Period of Availability Requirement Should Be Implemented

93.658 Foster Care Title IV-E

FULLY CORRECTED

99-18 Reviews of Child Support Enforcement Expenditures Should Be Documented

93.563 Child Support Enforcement

FULLY CORRECTED

99-19 Changes to the Cost Allocation Plan Should Be Carefully Monitored

10.561 State Administrative Matching Grants for Food Stamp Program
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658 Foster Care - Title IV-E
93.667 Social Services Block Grant

PARTIALLY CORRECTED

During fiscal year 2000, we made a concerted effort to address this finding. In September, 1999 we submitted additions/changes to our cost allocation plan (CAP) to the Department of Health and Human Services - Division of Cost Allocation (DCA). Subsequently, we were in contact with both the DCA and the Department of Health and Human Services - Administration for Children and Families (ACF) concerning these proposed changes. This contact involved both telephone conversations and written correspondence. On January 20, 2000, we submitted additional changes to our cost allocation plan to the DCA. On April 19, 2000, our staff met in Atlanta with representatives from the DCA for the purpose of resolving concerns related to the amendment. We are currently negotiating with DCA and ACF to resolve this matter.

99-21 Controls over Licensing Foster Care Homes and Facilities Should Be Strengthened

93.658 Foster Care - Title IV-E

FULLY CORRECTED

99-22 Eligibility Review Procedures for the Foster Care Program Should Be Strengthened

93.658 Foster Care - Title IV-E

FULLY CORRECTED

99-23 TANF Federal Reports Should Agree with Agency Records

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

00-17 Controls over Cost Allocation Plan Should Be Strengthened

93.558 Temporary Assistance for Needy Families

93.563 Child Support Enforcement

93.568 Low-Income Home Energy Assistance

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

93.658 Foster Care - Title IV-E

FULLY CORRECTED

00-18 Controls over Child Support Enforcement Expenditures Should Be Strengthened

93.563 Child Support Enforcement

FULLY CORRECTED

00-19 Controls over Licensing Foster Care Homes Should Be Strengthened

93.658 Foster Care - Title IV-E

FULLY CORRECTED

00-20 Controls over Review of Foster Care Children Case Files Should Be Strengthened

93.658 Foster Care - Title IV-E

FULLY CORRECTED

00-21 Certification Regarding Suspension and Debarment Should Be Included in Contracts

93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement

FULLY CORRECTED

00-22 Competitive Procurement Practices Should Be Followed for the Foster Care Program

93.658 Foster Care - Title IV-E

FULLY CORRECTED

00-23 TANF Federal Reports Should Agree with Accounting Records

93.558 Temporary Assistance for Needy Families

FULLY CORRECTED

00-24 Data Used to Prepare Reports Should Be Accurate

93.563 Child Support Enforcement

FULLY CORRECTED

00-25 A UPS Should Be Installed for Computer and Support Equipment

93.563 Child Support Enforcement

PARTIALLY CORRECTED

Currently, the Mississippi Department of Information Technology Services (ITS) has a renovation project underway for their Data Center in Jackson. This project has been approved and funded. The renovation project should start in the Spring of 2001 and be completed later this year. As part of this renovation project, an uninterrupted power supply (UPS) system and generator will be installed in the ITS Data Center and will have the capability to support the needed power requirements.

00-26 Controls over Reporting Should Be Strengthened

93.658 Foster Care - Title IV-E

FULLY CORRECTED

00-27 Federal Reports Should Be Prepared in Accordance with Program Laws and Regulations

93.568 Low-Income Home Energy Assistance

FULLY CORRECTED

The “Annual Report of Households Assisted by LIHEAP” was revised to cover the federal fiscal year of October 1, 1998 - September 30, 1999. This report was presented to the auditors during their fieldwork. We have made all the necessary adjustments to compile future reports on the federal fiscal year. Corrective action was taken before audit field work ended.

00-28 Monitoring Procedures over Redetermining Eligibility Should Be Strengthened

93.568 Low-Income Home Energy Assistance

FULLY CORRECTED

* The Agency revised the programmatic monitoring tool for the Low-Income Home Energy Assistance Program (LIHEAP) to include redetermination of eligibility and to document the calculations performed to support the results. The initial tool that was developed, which is attached hereto and labeled Attachment B, did not appear to provide sufficient detail to ensure that each monitor would review appropriate documentation and income computations to verify client eligibility. Therefore, a second tool was developed, which is attached hereto and labeled Attachment C. Section I of this tool indicates the items that are reviewed to verify client eligibility. During the review of eligibility documentation, the monitor indicates on the monitoring tool that the client was eligible or indicates that there was a problem by indicating “PA” for “Problem Area” with the applicable number. The monitor then writes an explanation of the tickmark and writes a finding in the monitoring report upon their return to the office. The revised monitoring tool, labeled as Attachment C was implemented on November 9, 2001 and is being used for the majority of FY 2001 LIHEAP subgrants which should be completed by December 31, 2001.

00-29 Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

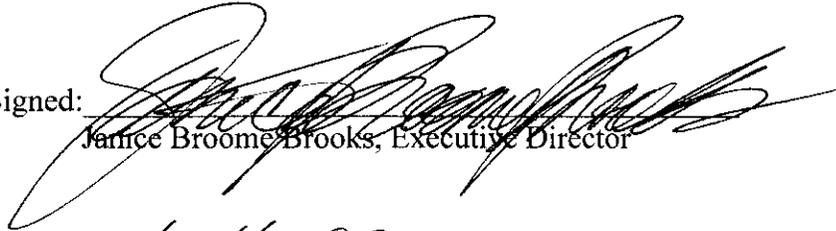
93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care Development Fund

FULLY CORRECTED

00-30 Federal Funds Should Be Used within the Period of Availability

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care
Development Fund

FULLY CORRECTED

Signed: 
Janice Broome Brooks, Executive Director

Date: 1-16-07

PB:rs

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STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID

RICA LEWIS-PAYTON
EXECUTIVE DIRECTOR

August 15, 2001

Phil Bryant, State Auditor
office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Below are updated responses to audit findings on the financial statements of the Office of the Governor, Division of Medicaid for Fiscal Year 2001. Our replies to the specific findings are noted in the responses and corrective action plans that follow:

UPDATED SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2001

Medicaid

99-13 Internal Controls over Reporting Should be Strengthened

93.767 State Children's Insurance Program (CHIP)

FULLY CORRECTED

99-15 Internal Controls over Computation of Long-Term Care Facility Rates Should be Strengthened

93.778 Medical Assistance Program

PARTIALLY CORRECTED: The Thirty-day appeal window for the 1997 audits had not run by April 15, 2001, and by the time it had, all 1997 work was on hold pending clarification of HB 881 enacted by the Legislature in the 2001 Session. One provision of this bill raised the question as to whether or not Medicaid would be allowed to make adjustments on any submissions over three years old. This question was resolved in late July 2001 and the determination made that we could continue work with the 1997 cost report audits to finalize 1999 rates.

Corrective Action Plan: These efforts will be resumed immediately, and rate finalizations will be worked into the schedule during the 2002 rate-setting review process.

99-16 Audits of Long-Term Care Facility Cost Reports Should be Performed in Accordance with the State Plan

93.778 Medical Assistance Program

PARTIALLY CORRECTED: The field reviews of the 1997 nursing facility cost reports have been completed and the final reports been issued. All reviews are final except for those of two companies, one of which has submitted additional information for our review and the other of which is in bankruptcy proceedings.

Corrective Action Plan: These reviews should be finalized by October 15, 2001.

00-5 Controls Should Be Strengthened to Ensure Inpatient Hospital Rates are Computed Accurately

93.778 Medical Assistance Program

FULLY CORRECTED

00-6 Controls Should Be Strengthened to Ensure Reimbursement of Physician Emergency Room Claims Follow the State Plan

93.778 Medical Assistance Program

FULLY CORRECTED

00-7 Controls Should Be Strengthened to Ensure Long-Term Care Facility Rates are Calculated in Accordance with the State Plan

93.778 Medical Assistance Program

FULLY CORRECTED

00-8 Controls Should Be Strengthened to Ensure Reimbursement of Pharmacy Claims Follow the State Plan

93.778 Medical Assistance Program

FULLY CORRECTED

Phil Bryant, State Auditor
August 15, 2001
Page 3

00-9 Controls Should Be Strengthened to Ensure Audits of Long-Term Care Facility
Cost Reports are Performed in Accordance with the State Plan

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Corrective Action Plan: The final reviews of the 1998 nursing facility cost reports have been completed. The work papers and final reports from these reviews are currently under final review. The field work for the 1999 nursing facility cost reports is scheduled to begin on October 1, 2001 and to be completed by January 31, 2002. EDS has completed the 1996 nursing facility cost report reviews and the final reports from these reviews have been issued.

The field reviews of the 1997 nursing facility cost reports have been completed and the final reports been issued. All reviews are final except for those of two companies, one of which has submitted additional information for our review and the other of which is in bankruptcy proceedings. The reviews should be finalized by October 31, 2001.

We are planning to contract with CPA firms to conduct 2002 financial reviews. The request for bid (RFB) is scheduled to be published on our website August 15, 2001.

Please call us at 359-6050 if you have any questions relative to our responses and corrective action plans.

Sincerely,



Rica Lewis-Payton

RLP/BP/rc

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DEPARTMENT OF MENTAL HEALTH

State of Mississippi



Bureau of Administration
1101 Robert E. Lee Building
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2001

99-10 Internal Controls over Earmarking Requirements for HIV Services Should Be Strengthened

93.959 Block Grants for Prevention and Treatment of Substance Abuse

FULLY CORRECTED

Beginning with the federal SAPT award for 10/99-9/00, which funds were allocated on or after 4/1/00 and on or before 9/30/00, five percent (5%) of the total grant award is allocated to specific HIV services among the various subrecipients. These allocations are separately identified as such and are accounted for separately. The federal requirements are that at least five percent (5%) be ALLOCATED for HIV services and that at least two percent (2%) actually be EXPENDED. We believe the financial records for this grant will indicate that these earmarking requirements have been met.

00-32 Controls Should Be Established to Ensure Compliance with the Treasury State Agreement

93.959 Block Grants for Prevention and Treatment of Substance Abuse

FULLY CORRECTED

Since becoming an on-line SAAS agency, new policies and procedures have been implemented to ensure that the Department of Mental Health is in full compliance with the provisions of the Treasury-State Agreement dealing with cash management for the SAPT Block Grant. We believe that our accounting records will demonstrate that such procedures have been effective in meeting the requirements of the agreement.

00-33

Controls over Earmarking and Level of Effort Requirements for HIV Services
Should Be Strengthened

93.959 Block Grants for Prevention and Treatment of Substance Abuse

FULLY CORRECTED

This is basically the same finding as 99-10 in the earlier part of this schedule, but for an earlier fiscal year. From a systems standpoint, we believe that everything has been done to correct this finding. An audit of the first full year's funding since the system was put into place should document compliance with this earmarking requirement.

Signature: Albert Randel Hendrix, Ph.D.
Albert Randel Hendrix, Ph. D.
Executive Director

December 31, 2001



STATE OF MISSISSIPPI
MILITARY DEPARTMENT



THE ADJUTANT GENERAL'S OFFICE
POST OFFICE BOX 5027
JACKSON, MISSISSIPPI 39296-5027

January 15, 2002

Honorable Phil Bryant
State Auditor
State of Mississippi
P O Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

Below is an updated response to audit findings on the financial statements of the Mississippi Military Department for Fiscal Year 2001. Our reply to the specific finding is noted in the response and corrective action plan that follows:

UPDATED SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2001

Military Department

CFDA/Finding Number

Finding Heading

00-16

Suspension and Debarment Clause Should Be Included as a State Contract Provision

12.401

National Guard Military Operations and Maintenance (O&M) Projects

PARTIALLY CORRECTED

Corrective Action Plan: This Agency has attempted to include the "Suspension and Debarment Clause" in all contracts since the previous audit findings. Any contracts not including this clause are an oversight and will be corrected.

Should you have any questions or need additional information, contact our Director of State Resources, Woodrow Lyon at 313-6243.

Sincerely,

James H. Lipscomb III
Major General, Mississippi National Guard
The Adjutant General

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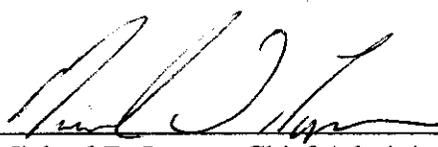
STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
ROBERT J. ROHRLACK, JR., CED
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2000

00 – 4 On-site Inspections Should be Performed in Accordance with
Federal Regulations

CFDA #14.239 HOME Investment Partnerships Program

FULLY CORRECTED

Signed: 
Michael D. Larsen, Chief Administrative Officer

Date: 12/3/01

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**Mississippi Department of
Rehabilitation Services**

Providing the freedom to live

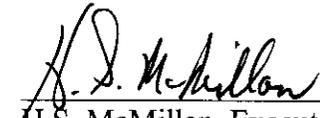
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2001**

00-31 Internal Controls over Comparable Services and Benefits Should be Strengthened

CFDA #84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States

FULLY CORRECTED

The Corrective Action Plan as reported in our February 8, 2001 response to the fiscal year 2000 Single Audit Findings has been fully implemented. Based on in-house training performed with our counselors as well as follow-up reviews performed by our Program Evaluation unit, we feel that this finding has been fully corrected regarding current cases. However, as for older cases, it will take time for these older cases to work through the system and there may be differences in actual error vs. lack of documentation.



H.S. McMillan, Executive Director
December 3, 2001

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OFFICE OF
STATE AID ROAD CONSTRUCTION

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

Floyd A. Kirk
State Aid Engineer
Telephone 359-7150

401 North West Street
Jackson, Mississippi 39201
FAX 359-7141

Schedule of Prior Federal Audit Findings
For the Year Ended June 30, 2000

99-12 Controls over the Review of Real Property Acquisitions Should be Strengthened

20.205 Highway Planning and Construction

Fully Corrected

00-1 Internal Controls Over Review of Real Property Acquisitions Should Be Strengthened

20.205 Highway Planning and Construction

Fully Corrected

00-2 Internal Controls over Sampling and Testing of Materials Should Be Strengthened

20.205 Highway Planning and Construction

Partially Corrected

The State Aid District Engineers were notified that all projects should be closely monitored to ensure that all required tests are performed. A notification was sent to all County Engineers to remind them that they are responsible for performing tests as required by the State Aid Standard Operating Procedures. The State Aid District Engineers will be responsible for ensuring that copies of all required tests are submitted for projects in their districts. The file clerks will be responsible for filing the reports in each project folder. The corrective plan of action was implemented on 1/2/01.

Signed Floyd A. Kirk
Title: State Aid Engineer
Date 12/28/01

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Zack Stewart
Northern District Commissioner

Dick Hall
Central District Commissioner

Wayne H. Brown
Southern District Commissioner



Larry L. "Butch" Brown
Executive Director

James H. Kopf
Deputy Executive Director/
Chief Engineer

Mississippi Department of Transportation / P.O. Box 1850 / Jackson, Mississippi 39215-1850 / Telephone (601) 359-7001 / FAX (601) 359-7110

SUMMAR SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2001

00-10 Internal Controls over Subrecipient Monitoring Should Be Strengthened

20.205 Highway Planning and Construction

FULLY CORRECTED

00-11 Internal Controls over Independent Assurance Sampling and Testing Should Be Strengthened

20.205 Highway Planning and Construction

FULLY CORRECTED

00-12 Independent Assurance Samples and Tests Should Be Performed in Accordance with Guidelines

20.205 Highway Planning and Construction

FULLY CORRECTED

Signed: 
Larry L. "Butch" Brown

Date: 01/03/02

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III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS



STATE OF MISSISSIPPI

MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED JUNE 30, 2001

Instructions to Management

In order to provide a systematic approach for agencies to respond to audit findings, the management of each agency was requested to follow the instructions listed below in preparation of the formal response to single audit findings and the corrective action plan.

For each AUDIT FINDING, the agency should include the following: (1) *Catalog of Federal Domestic Assistance* (CFDA) number and program name, (2) type of compliance requirement, (3) audit finding number and finding heading, (4) response, and (5) corrective action plan. These items are discussed below:

1. Each CFDA number and program name should be listed in the same sequence presented in the management letter. The entire finding is not required to be repeated.
2. Each type of compliance requirement should be listed in the same sequence as presented in the management letter.
3. Each audit finding number and finding heading should be listed separately in the same sequence as presented in the management letter. The entire finding is not required to be repeated.
4. Responses of the agency to audit findings should be included directly below each audit finding heading. For each response, the agency should state whether they concur or do not concur with the individual finding and recommendation and the reasons why.
5. After an audit finding heading has been listed along with the corresponding agency response, the plan for corrective action should be listed using the following format:
 - a. Specific steps to be taken to correct situation.
 - b. Name(s) of the contact person(s) responsible for corrective action.
 - c. Anticipated completion date for corrective action.
 - d. Specific reasons why corrective action is not necessary, if applicable.

STATE OF MISSISSIPPI
Management Responses and Corrective Action Plans
Instructions to Management (concluded)

OMB Circular A-133, Section 400 requires audit findings to be resolved between federal agencies and audited agencies within six months after the receipt of the single audit report by the federal government. Audited agencies should maintain permanent files on all correspondence with the federal government during the audit resolution process. Federal agencies may ask for additional information pertaining to audit findings.

On the following pages, we have compiled the formal response to the findings and recommendations and the corrective action plan of each agency's management.



STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION

Richard L. Thompson
State Superintendent of Education

SINGLE AUDIT FINDINGS

February 20, 2002

Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

In accordance with your January 28, 2002, correspondence, the Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2001:

AUDIT FINDINGS:

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.558 Child and Adult Care Food Program
- 10.559 Summer Food Service Program for Children

Reporting

- 01-08 Internal Controls Should Be Established Over Reporting

Response:

We concur with the finding.

Corrective Action Plan:

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

A member of the Finance Division (Accountant/Auditor III) will prepare the FNS 269 financial reports and submit them to the Division Director of Finance. The Division Director will perform a supervisory review of the reports and supporting documentation and indicate her review by initialing the reports. The Division Director will submit the reports to the USDA. Both employees are currently being trained to perform the established duties.

B. Name of the contact persons responsible for corrective action:

Report Preparation:	Supervisory Review:
Angelo Nuzzo, Accountant/Auditor III	Sharon Miller, Division Director
Finance	Finance
Office of Child Nutrition	Office of Child Nutrition

C. Anticipated completion date for corrective action:

We have submitted two additional FNS 269 reports subsequent to the audit review period. Both of these reports were reviewed by a second party and initialed by the second party prior to submission of the reports. We anticipate that the period of training for current staff may encompass several quarterly reports and close out of the next year. Internal controls over reporting have been established and are functioning.

84.027 Special Education - Grants to States
84.173 Special Education - Preschool Grants

Activities Allowed and Unallowed

01-11 Controls Over Subgrant Applications Should Be Strengthened

Response:

We concur with the finding.

Corrective Action Plan:

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

Special Education employees are responsible for reviewing applications for compliance and program approval. The Division Director of Program Management and Due Process reviews the staff recommendations and approves the applications. In March of 2001, a new Division Director was appointed and in July of 2001 a policy was established to ensure that all applications and/or amendments are approved by the Division Director. A cover sheet which includes a checklist becomes part of each application. If an application returns to the support staff without Division Director approval, it is returned to the appropriate employee for process completion.

Phil Bryant, State Auditor
February 20, 2002
Page 3

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

Paulette White, Director
Program Management/Due Process and Support Services
Office of Special Education

C. Anticipated completion date for corrective action:

In July 2001, a policy was established to ensure that all applications and amendments are approved by the Division Director and the approval is documented.

Should you have additional questions, do not hesitate to contact me.

Sincerely,



Richard L. Thompson
State Superintendent of Education

RLT:bp

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Mississippi Employment Security Commission

Curtis C. Thompson
Executive Director

Miranda A. Beard, *Commissioner*
Laurel

George E. Powell, *Chairman*
Byhalia

Alfred L. Price, *Commissioner*
Jackson

February 1, 2002

FINANCIAL AUDIT FINDINGS

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

Dear Mr. Bryant:

In response to your letter dated January 10, 2002, regarding the Financial Audit Findings for the Mississippi Employment Security Commission for fiscal year 2001, I have addressed the following finding considered to be a Reportable Condition:

AUDIT FINDING – REPORTABLE CONDITION:

01-36 GAAP Package Should Be Properly Prepared and Reviewed by Supervisory Personnel

Response: We agree with this finding.

Corrective Action Plan:

- A. Subsequent to the completion of the June 30, 2001 GAAP package, the Unemployment Insurance Division has had a change in personnel who will prepare the GAAP package for Fund 8191. An individual with an MBA in accounting and who currently serves this agency as an auditor will now be preparing the GAAP package. Closer supervisory reviews are also planned and will be documented on the report.
- B. Dale Smith, Contributions and Status Department
- C. These procedures will be implemented beginning with the FY 2002 GAAP period.
- D. N/A

Phil Bryant, State Auditor
February 1, 2002
Page Two

If you have any questions concerning this agency's response to this finding, please contact Freddie M. Phillips, Director of Administration and Service, at 961-7600.

Sincerely,

A handwritten signature in black ink that reads "Curtis C. Thompson". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Curtis C. Thompson
Executive Director

CCT:FMP:jat



MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

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

February 13, 2002

Dear Mr. Bryant:

We are in receipt of the Single Audit Management Report for the Mississippi Department of Health dated January 24, 2002. The following represents our response to the Single Audit findings and recommendations contained therein.

AUDIT FINDINGS:

CFDA/Finding
Number

10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Reportable Condition

01-01 Controls Over Federal Reports Should be Strengthened

Response:

We concur with the finding. The oversight of the supervisor's review resulted from the supervisor completing the reports due to staffing shortages.

F. E. Thompson, Jr., MD, MPH, State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601/576-7635 • Fax 601/576-7778 • www.msdh.state.ms.us

Equal Opportunity In Employment/Service

Corrective Action Plan:

The staffing shortage has been eliminated through the filling of the vacant positions. In addition, the staff has been instructed that all reports should be reviewed by the next level supervisor to the person completing the work and the reviewer should initial the reports/worksheets to document that the review has occurred.

10.557 Special Supplemental Nutrition Program for Women, Infants and Children

Reportable Condition

01-02 Controls Should be Strengthened Over Supervisory Review of Federal Reports Prior to Submission

Response:

We concur with the finding.

Corrective Action Plan:

While the reports in question were reviewed there was no evidence that the review took place. The reports are submitted electronically. In the future, a hard copy of the report will be generated and the signature of the Directors of WIC and Finance and Accounts will be obtained to document the review.

93.994 Maternal and Child Health Services Block Grant to the States

Reportable Condition

01-03 Controls Should Be Strengthened to Ensure Special Reports are Accurate, Complete and Properly Supported

Response:

We concur with the finding. The Department does not currently collect data to provide a breakdown specific to infants under one year of age. This was discussed with the federal Regional Administrator during the last MCH Block Grant review.

Corrective Action Plan:

- A. The staff of the Office of Personal Health Services is working to develop a cost distribution formula to provide an interim solution to the absence of the necessary data. When developed, this will be presented to the Regional Administrator to obtain

their concurrence. This allocation method will be used until the data collection problem can be resolved.

- B. The absence of expenditure data on Form 5 was a staff error. This information was corrected and submitted on August 11, 2000. Additional review of the final report forms has been implemented in the office of Personal Health Services to insure this type of error does not recur.
- C. The Department's data collection system does not currently capture data to determine unduplicated users for infants under one year of age. We have been reporting estimates based on reports received from the Division of Medicaid. Currently, efforts are being made in conjunction with the Department's Bureau of Public Health Statistics to add pay source to the data collected for issuance of birth certificates. However, this data field will not be available until the 2003 or 2004 birth cohort.
- D. The Office of Personal Health Services has implemented additional review and oversight responsibilities for each bureau and division director regarding statistical and supporting information for the data contained in the MCH Block Grant. In addition, the Office's Data Unit has been charged with reviewing all statistical and supporting documentation contained in the Block Grant application.

We appreciate the help and recommendations provided by the audit staff during the course of this audit. Should there be questions or if additional information is required, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "F.E. Thompson, Jr.", with a stylized flourish at the end.

F.E. Thompson, Jr., M.D., M.P.H.
State Health Officer

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STATE OF MISSISSIPPI
DAVID RONALD MUSGROVE, GOVERNOR
DEPARTMENT OF HUMAN SERVICES
JANICE BROOME BROOKS
EXECUTIVE DIRECTOR

February 19, 2002

SINGLE AUDIT FINDINGS

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

Dear Mr. Bryant:

The following are our formal responses and corrective action plans to your Single Audit Management Report dated January 25, 2002.

AUDIT FINDINGS:

93.558 Temporary Assistance for Needy Families (TANF)

ALLOWABLE COSTS/COST PRINCIPLES

01-12 Controls Should Be Strengthened for Allowable Costs/Costs Principles

Response:

- A. An adjusting entry totaling \$996,131 was posted incorrectly to the Agency's accounting records, despite the entry being reviewed prior to final approval. The reporting categories used in the entry were done backwards, resulting in the error. The entry was reversed on J2-2142, on 6/21/01, and the correct entry made on J2-2143, on 6/21/01.

- B. The TANF subgrants were written with the method of payments being cash advance current needs. Requests for cash are submitted to the Subgrant Unit after approval from the Program Division. Reporting worksheets are submitted on a monthly basis which captures the monthly cost incurred by the Subgrantees.

Corrective Action Plan:

- A. The Mississippi Department of Human Services will review adjusting entries for accuracy with greater scrutiny.
- B. The Subgrant Unit does have procedures in place for the review of documents. Every effort will be made to follow these procedures and advise the Program Divisions when it appears that payments have been approved for an excessive amount.

93.563 Child Support Enforcement

01-13 Controls Over Child Support Enforcement Expenditures Should Be Strengthened

Response:

- A. MDHS does not concur with the finding.

Pursuant to federal child support enforcement regulations (OCSE-AT-002-02, dated 1-12-00), child support expenditures are considered made on the date the payment occurs, regardless of receipt or delivery of the goods and services. The two above referenced expenditures were, therefore, charged to the correct grant year.

- B. MDHS does not concur with the finding

The Leake County and Kemper County Chancery Clerk invoices were reviewed and approved by DCSE Staff in the usual manner required by the Mississippi Department of Human Services (MDHS). These invoices were reviewed and requested to be paid by the staff in two counties. They were then approved for payment in the METSS system by the Senior Attorney for the counties and submitted to Budgets and Accounting for payment.

Corrective Action Plan:

- A. Since the child support expenditures referenced in Finding 1 above were charged in accordance with Federal regulations, no corrective action plan is required.
- B. The Division of Child Support Enforcement will ensure that documentation of review and approval of court costs invoices and other expenditures appears on the face of the invoices and/or supporting documentation is attached to invoices.

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the child Care and Development Fund
93.658	Foster Care - Title IV-E
01-14	<u>Controls over the Cost Allocation Plan Should Be Strengthened</u>

Response:

The statistical data is reviewed by the employees' supervisor for accuracy. The staff in the Research & Statistics Unit and the Cost Allocation Unit, can only check the stats for reasonableness, not accuracy. The CA07E & CA09E will check our data entry for accuracy.

The cost allocation crosswalk worksheets are only used as reference material in organizing statistical data for entry on the PBDF table (Pool/Base Definition Reference Table) in SAAS. This is the table that is used to construct and maintain the Cost Allocation structure as defined by the approved plan (Information for the CA07 & CA09). The table stores the allocation structure in group/step order. After the initial data entry, this table will require quarterly updates both to update the allocation structure as defined in the approved plan to enter the new units for all statistical types. Updating the allocation structure will only be necessary if a new grant with administrative money is awarded, if an old grant ends, or if the Cost Allocation Plan is modified to redistribute expenditures with federal approval (Section 6.5.4.4 of the Cost Allocation Procedures). Since activity codes are not included in the Cost Allocation Plan, no activity combination would be out of compliance.

The \$40.63 charged to cost pool P230 was an error. The unit responsible was contacted and the corrections were made. Documentation is available upon request.

I cannot see how this situation can be a finding for Cost Allocation. All directors are aware of the grant override procedure. If they are unsure of the correct grant override codes to use, they are to contact the Cost Allocation Unit for that information.

The four people involved in this situation were aware of the grant override procedure. Two of the individuals did use the grant override procedure, one was informed not to use the procedure and the fourth did not. This situation has been corrected.

These situations were thoroughly explained to the auditors involved with the audit.

Corrective Action Plan:

The established procedures for amending the cost allocation plan are being followed. A routine review of the cost allocation plan is done quarterly during the quarterly cost allocation process. This is also done anytime during the quarter as situations arise.

The supervisors of the employees involved in the various basis help insure that the data collected is accurate. The data entry of the cost allocation staff is checked for accuracy by the cost allocation system (CA07E and CA09E). This is all a part of the established procedures.

The cost allocation unit has informed agency staff of the importance of following the grant override procedures correctly.

This task was completed by Tommy Brumfield. He has supervised the cost allocation functions of MDHS for nineteen years.

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the child Care and Development Fund
93.658	Foster Care - Title IV-E

Controls over Cash Management Should Be Strengthened

Response:

MDHS believes that controls over cash management are already sufficient. A detailed review of all requests for funds and supporting documentation is done daily by the supervisor to ensure accuracy. In the instance where funds were drawn from TANF for CCDF, this occurred because the CCDF expenditures had exceeded the grant award, so there were no CCDF funds available to draw. The expenditures should have been charged to the TANF Transfers to CCDF, and we drew accordingly. The CCDF reporting category was used for CMIA tracking purposes, and was corrected to the TANF/CCDF reporting category after the monthly reconciliation of SAAS revenues to draws. There were no errors noted in the instances referred to in this finding which were not detected and corrected at the time of the error, prior to the audit.

MDHS already has detailed written policies and procedures for requesting federal funds. The procedures were written by the supervisor in August, 2000, and a copy was submitted to the state auditors at that time. These procedures cover the normal course of business, and outline all steps involved in calculating the draw amount. It would not be practical to have written procedures for all items which are unusual or extraordinary, but these items are noted on the supporting worksheets, and are done at the instruction of the supervisor. In two of the three instances referred to in the finding, where amounts requested did not agree with the supporting worksheet, the grants drawn from were identified by handwritten notation on the worksheet. In the other case, the reporting category was corrected by an adjusting entry after the monthly reconciliation of SAAS revenues to draws, prior to the audit.

MDHS requests funds in compliance with the Treasury State Agreement. Both of the two instances cited in the audit were the result of abnormal circumstances, and did not reflect typical situations. One draw was an amount drawn for LIHEAP a day early. This error resulted from counting Columbus Day in calculating the proper draw day; however, since the federal government is closed that day, the day should not have been counted for CMIA purposes. This was realized after the draw had been done, so the draw was coded to L1RO rather than L1A0. The next day the draw was done correctly for CMIA, and coded to L1A0. The funds from the previous day were not returned at that time because the CR-DD document recording the return would have been negative, which is not acceptable in SAAS. The funds were returned when a large enough draw was done so that the net CR-DD document would be positive. Columbus Day is now accounted for correctly, so this situation will not happen again.

In the other instance, the draw was an amount originally drawn for TANF initiatives. At the time of the draw, the TANF initiatives had not been specifically

addressed by the Treasury State Agreement, and the reporting categories had not been set up with average clearance dates. After the draw was done, it was decided that the initiatives should fall under CMIA, and the process was set in motion. The adjustment for the prior quarter for TANF FY 2000 had not been done yet, and the analysis of revenues to expenditures showed that MDHS was underdrawn in an amount in excess of the amount drawn for the initiatives. Since this was the case, the draw originally done for the initiatives was coded to TANF 2000 and deposited in the proper fund as an adjustment. This was appropriate under the Treasury State Agreement, and the fact that MDHS handled the initiatives in this way shows the agency's commitment to complying with the Treasury State Agreement. For all of FY 2001, MDHS owed total interest in the amount of \$18.00 to the federal government under CMIA.

Corrective Action Plan:

There is no need for a corrective action plan since MDHS is already doing all of the recommended actions, and is committed to continuing these procedures.

93.558 Temporary Assistance for Needy Families

01-16 Competitive Procurement Practices Should Be Followed for the TANF Program

Response:

The Agency concurs with the audit finding. The selection process and criteria for awarding funds for the six TANF initiatives reviewed in this audit were made by management in place at that time.

Corrective Action Plan:

- A. A procedures manual was written for the new year and these procedures were followed in awarding funds for the new initiatives.
- B. Pam Simpson and Vera Butler are responsible for ensuring ongoing compliance.
- C. October 1, 2001

93.563 Child Support Enforcement

01-17 Certification Regarding Suspension and Debarment Should Be Included in Contracts

Response:

- B. MAXIMUS contract - This contract was entered solely as an extension for a new contract. No agreement was reached and the contract expired on August 31, 2000.
- C. James Consulting and SCB Computer Tech - These contracts were prepared by the MIS Division for consulting services. DCSE was not a party to, nor involved in the actual preparation and approval of the contracts. However, this finding has been provided to MIS, and they have indicated that future contracts will include required certifications.

Corrective Action Plan:

The Division of Child Support Enforcement (DCSE) has requested that the Division of Management Information Systems (MIS) ensure that all contracts for METSS System Services in an amount exceeding \$100,000 contain certifications that the contractor is not presently suspended or debarred pursuant to 45 CFR Part 76.

93.558 Temporary Assistance for Needy Families

01-18 Federal Financial Reports Should Agree with Accounting Records

Response:

The Mississippi Department of Human Services acknowledges that the Agency's accounting records did not agree with the ACF-196 by individual grant year, but the cumulative expenditures for the grant years in question are reflected in the Agency's accounting records and in total agreement with the combined ACF-196 reports. Although the expenditures in question were coded to the incorrect grant year, they were reported on the correct ACF-196 report.

Corrective Action Plan:

The adjustments will be made to the Agency's accounting records.

The agency has procedures for reviewing reports and will continue to follow these procedures to ensure the accuracy of the prepared reports.

93.658 Foster Care - Title IV-E

01-19 Controls Over Reporting Should Be Strengthened

Response:

We concur that the Agency's accounting records do not agree with the IV-E Report in one instance. This adjustment is an IHHS adjustment of \$20,000 that occurred during the October - December 1999 quarter. However, the IV-E quarterly report has been adjusted to reflect that amount.

Corrective Action Plan:

Once the Office of Inspector General Audit is resolved, all IHHS expenditures will be integrated into our accounting records. To make any adjustments at this time will further complicate the process of making the necessary corrections.

93.558 Temporary Assistance for Needy Families

93.563 Child Support Enforcement

93.568 Low-Income Home Energy Assistance

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

93.658 Foster Care - Title IV-E

01-20 Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

Response:

The Agency concurs with the finding.

Corrective Action Plan:

A. Specific Steps to be Taken to Correct the Situation:

- The Agency uses the Subrecipient Audit Tracking System to generate reminder letters which are mailed to subrecipients. The reminder letters have been modified to include the deadline for submitting audit reports to the Agency; and, the deadline for submitting the audit is recorded in the tracking system.
- The Agency will continue to mail letters to subrecipients reminding them of the audit requirements. These letters will identify the deadline for submitting an audit required under the Single Audit Act.
- The Agency has implemented procedures to ensure reviews of subrecipient audits are completed timely. The appropriate funding divisions within the agency will be notified of any subrecipient audit findings and advised that the deadline for resolving the audit findings is six months from the date the audit is received by the Agency.

B. Name of the Contact Person Responsible for the Corrective Action:

Godwin Agulanna, Acting Director
Bureau of Audit and Evaluation

C. Anticipated Completion Date for Corrective Actions:

The corrective actions will be implemented for FY 2001 subrecipient audits and should be completed by March 31, 2002.

93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

01-21 Controls Should Be Strengthened over Subrecipient Monitoring

Response:

The Agency concurs with the finding and controls have been strengthened over subrecipient monitoring.

Corrective Action Plan:

A. Specific Steps to be Taken to Correct the Situation:

- The Agency will ensure that the review and approval of monitoring workpapers is completed in a timely manner so that reports can be issued within 30 calendar days of the exit conference as required by the MDHS Subgrantee/Contract Manual. Each monitoring team supervisor will ensure: (1) that all monitoring instruments are fully completed; (2) that all problems noted on the monitoring instruments/work papers are communicated to subrecipients in the monitoring report; (3) that documents are available to support each finding in each monitoring report; (4) that monitoring reports are written and mailed in a timely manner; and (5) that communication with each subrecipient continues until all monitoring findings and/or questioned costs are resolved or cleared.
- The Agency will mail letters to subrecipients identifying monitoring findings and requesting corrective action plans in a timely manner. Each monitoring team supervisor will maintain a tracking system to ensure that monitoring reports are forwarded to the subrecipient within thirty (30) calendar days of the exit conference.
- The Agency will perform follow-up procedures to ensure receipt of corrective action plans from subrecipients; and, if applicable, to document the Agency has received payment of questioned costs from the subrecipient. One staff member of BA&E will maintain an overall tracking system to ensure that tracking of subrecipient monitoring is updated weekly and a copy of the overall tracking system will be forwarded to the Director of BA&E for review each week.

B. Name of the Contact Person Responsible for the Corrective Action:

Godwin Agulanna, Acting Director
Bureau of Audit and Evaluation

C. Anticipated Completion Date for Corrective Actions:

The corrective actions have been implemented for subgrants monitored during the state fiscal year ended June 30, 2002, and are currently in place.

93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

01-22 Monitoring Staff Should Be Adequately Trained

Response:

The Agency concurs with the finding and will implement procedures to ensure that all BAE staff receive additional in-service training.

Corrective Action Plan:

- Staff of the BA&E has been reorganized into four teams with team supervisors that are fully trained in Federal and State regulations as well as monitoring procedures. Each team supervisor will provide training as part of the on-site monitoring with current team members who may need additional training in monitoring for fiscal and/or program compliance as needed.
- When monitoring positions become vacant, the MDHS will ensure that positions are filled with fully qualified staff based upon prior experience and/or education in accounting procedures.
- When new monitors are employed, the team supervisor will provide on-site training during a minimum of eight monitoring visits prior to allowing the new monitor to perform monitoring activities independently. New monitors will also be provided training in the office prior to training during their first on-site monitoring visit to ensure that they are knowledgeable of federal and State regulations as well as monitoring procedures, i.e., completing and organizing work papers, writing monitoring reports, follow-up on outstanding monitoring findings.
- Monitors will be afforded the opportunity to participate in training offered by other organizations, i.e., the MS Association of Certified Public Accounts, federal grantor agencies, Grants Management Systems, each funding division.
- BA&E has notified each MDHS funding division of the federal statute regarding debarment and suspension. Each funding division has been advised to institute a control mechanism for screening each subgrantee to ensure that those on the debarment and suspension list are not considered for funding.

B. Name of the Contact Person Responsible for the Corrective Action:

Godwin Agulanna, Acting Director
Bureau of Audit and Evaluation

C. Anticipated Completion Date for Corrective Actions:

The anticipated completion date is June 30, 2002.

We appreciate the courtesy and professionalism demonstrated by Ms. Marilyn Purvis and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, please feel free to contact Peter Boulette of the Division of Budgets and Accounting at 359-4665.

Sincerely,

Shelma H. Brittain

JBB Janice Broome Brooks
Executive Director

JBB:PB:rs
Attachments

DEPARTMENT OF MENTAL HEALTH

State of Mississippi



ALBERT RANDEL HENDRIX, Ph.D.
Executive Director
Robert E. Lee Building, Suite 1101
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288 • FAX 359-6295
TDD Phone (601) 359-6230

Single Audit Finding

January 24, 2002

Mr. Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of January 23, 2002, with the heading "Single Audit Management Report". This letter responds only to the Single Audit Finding; a separate letter will respond to the "Other Audit Finding", per your instructions.

AUDIT FINDING re: Special Tests and Provisions

CFDA No. 93.959, Block Grants for Prevention and Treatment of Substance Abuse; Federal Award No. and Year: 01B1MSSAPT

Finding No. 01-06

Procedures should be established to ensure required independent peer reviews are performed

Your audit disclosed that federal regulation 42USC300x-53 require that at least two (2) peer reviews of entities providing services funded under the SAPT Block Grant should have been conducted during fiscal year 2001, but only one (1) peer review was actually conducted. The audit report noted that two (2) reviews had been scheduled, but one was canceled and never rescheduled, and also noted that both reviews scheduled were regional mental health centers. The audit recommends that at least the required number of peer reviews be conducted each year, and that entities selected be representative of the total population of facilities providing services under the block grant (that is, both regional mental health centers and non-profits).

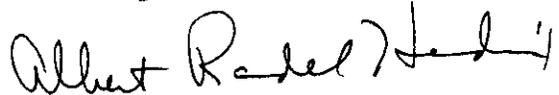
Mr. Phil Bryant, State Auditor
January 24, 2002
page 2

We agree with this finding, and have scheduled six (6) peer reviews for the fiscal year ending June 30, 2002, with four (4) of those from regional mental health centers (which provide the majority of our community based services) and two(2) from other types of entites. A listing of these scheduled peer reviews is attached.

We appreciate the professional and courteous demeanor of the staff accountants who conducted this audit. They represent your agency very well.

If you need any additional information, please do not hesitate to call.

Sincerely,



Albert Randel Hendrix, Ph.D.
Executive Director

1 attachment

DEPARTMENT OF MENTAL HEALTH

State of Mississippi



DIVISION OF ALCOHOL AND DRUG ABUSE

1101 Robert E. Lee Building
239 North Lamar Street
Jackson, Mississippi 39201
(601) 359-1288

Peer Reviews scheduled for State Fiscal Year 2002 (7/1/2001 to 6/30/2002)

Regional Centers:

October 3-5, 2001 Region 7-Community Counseling Center (*completed*)

February 6-8, 2002: Region 11-Southwest Mississippi Mental Health Complex

February 2-22, 2002: Region 9 -Jackson Mental Health Center

April 10-12, 2002: Region 14-Singing River Services

Free Standing Facilities:

May 2-3, 2002: The Ark

May 23-24, 2002: Mallory Community Health Center

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STATE OF MISSISSIPPI
MILITARY DEPARTMENT



THE ADJUTANT GENERAL'S OFFICE
POST OFFICE BOX 5027
JACKSON, MISSISSIPPI 39296-5027

January 18, 2002

Honorable Phil Bryant
State Auditor
State of Mississippi
P O Box 956
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

We appreciate the professionalism and courtesy shown our staff by your audit staff during both the financial and federal compliance audits recently conducted. We look forward to the exit conference and the Single Audit Management Report. The following details our response to the Single Audit findings:

SINGLE AUDIT FINDINGS

CFDA/Finding Number

Finding Heading

12.401

National Guard Military Operations and Maintenance (O&M) Projects

01-04

Suspension and Debarment Clause Should Be Included as a State Contract Provision
Not corrected since previous audit.

Response: This Agency has attempted to include the "Suspension and Debarment Clause" in all contracts since the previous audit findings. Any contracts not including this clause are an oversight and will be corrected.

Corrective Action Plan:

- a. This agency will include this clause as a provision in all state contracts.
- b. The contracting division of this agency is responsible for ensuring the inclusion of this clause in all future state contracts.
- c. The inclusion of this clause was effected after the previous audit.

Should you have any questions or need additional information, contact our Director of State Resources, Woodrow Lyon at 313-6243.

Sincerely,

James H. Lipscomb III
Major General, Mississippi National Guard
The Adjutant General

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STATE OF MISSISSIPPI
RONNIE MUSGROVE, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
ROBERT J. ROHRLACK, JR., CED
EXECUTIVE DIRECTOR

SINGLE AUDIT FINDINGS

February 22, 2002

Mr. Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of February 8, 2002 concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2002. We are pleased that you noted no matters involving the internal control over compliance that you considered material weaknesses and no instances of noncompliance that are required to be reported by OMB Circular A-133. Our responses to the three reportable conditions cited in your letter are stated below:

CFDA Number and Program Name

14.239 HOME Investment Partnership Program

Type of Compliance Requirement

Allowable Costs/Cost Principles

Audit Finding Number and Finding Heading

01-27 Internal Controls Over Reviews of Requests for Cash Should Be Strengthened

Response

We concur. This system issue was identified by our accounting staff prior to the audit fieldwork and they have been working with the information systems staff to correct it. Other internal control measures were already in place, which prevent payments to subrecipients in excess of the budget allotment.

Corrective Action Plan

We will continue our efforts to correct this system issue. The corruption of the data occurs sporadically and we have been trying diligently to isolate the condition causing the corruption. We will be creating additional system edit reports that will alert us when the corruption occurs. At that time, we will evaluate any system actions during that period that may have triggered a condition that creates the corruption. Our other internal control measures are in addition to this system control and will be continued even after the correction is made. Contact person responsible for corrective action is Lynda Dutton. Anticipated completion date for correction action = as soon as condition causing corruption can be identified and corrected.

CFDA Number and Program Name

93.585 Empowerment Zones Program

Type of Compliance Requirement

Activities Allowed or Unallowed

Audit Finding Number and Finding Heading

01-28 Internal Controls Over Expenditures Should Be Strengthened

Response

For this federal program we concur with the recommendation.

Correction Action Plan

The agency has instituted a procedure that requires future cash requests to be forwarded to Eubank & Betts, a CPA firm we have contracted with to monitor the Empowerment Zones. Eubank & Betts will document and verify that the request for funds are in accordance with federal regulations, the entities strategic plan, and that all contracts between the entity and its subrecipient have been properly executed. Eubank & Betts will certify to MDA that the request is in order and can be processed for payment. Contact person responsible for correction action = Henry Cote. Anticipated completion date for corrective action = procedure has already been put into place.

CFDA Number and Program Name

93.585 Empowerment Zones Program

Type of Compliance Requirement

Subrecipient Monitoring

Page 3
Mr. Bryant
February 22, 2002

Audit Finding Number and Finding Heading

01-23 Internal Controls Over Subrecipient Monitoring Should Be Strengthened

Response

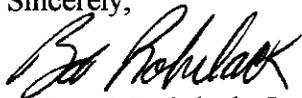
We concur that we did not receive audits in a timely manner from two subrecipients.

Corrective Action Plan

A form letter used by other federal programs within the agency, will be sent out to the subrecipients three months prior to the due date of the audit report. Upon receipt of the audit report, program personnel shall immediately forward a copy to the MDA Administration Division. Program personnel will respond within thirty days from the date of receipt of the audit report back to the Administration Division providing documentation that corrective actions, if necessary, have been adopted and instituted by the subrecipient. Contact person for corrective action = Henry Cote. Anticipated completion date for corrective action – new procedures effective immediately.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Lynda Dutton at 359-2917.

Sincerely,



Robert J. Rohrlack, Jr., CED
Executive Director

cc: Lynda Dutton
Mike Larsen

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**Mississippi Department of
Rehabilitation Services**

Providing the freedom to live

Single Audit Findings

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

Dear Mr. Bryant:

The Mississippi Department of Rehabilitation Services is pleased to respond to the following Single Audit Findings resulting from the Single Audit performed by your office for State Fiscal Year 2001.

AUDIT FINDINGS:

01-09 Internal Controls over Annual Reviews of IPE's Should be Strengthened

Response: **MDRS concurs with this finding.**

Corrective Action Plan:

The Office of Vocational Rehabilitation will strengthen controls over annual reviews of IPE's by implementing the following plan:

1. A memo from the Director of the Office of Vocational Rehabilitation will go to all VR staff addressing this issue.
2. A meeting will be conducted with supervisory and management staff to address this issue.
3. The Agency Quality Assurance Division will be utilized to help monitor cases for this area.
4. Annual reviews of the IPE will be included in agency training.

01-29 Reported Expenditures for State Match Should Agree to Accounting Records

Response:

We understand the auditor's finding regarding the lack of an audit trail to verify our state match of the 2000 Section 110 grant. The lack of an audit trail was due to the portion of funds appropriated from the Health Care Expendable Fund for

which we used as state match for our 2000 Section 110 grant. Although the vast majority of our state match was evident in a 2000 fund, there was a portion which was funded with monies from the Health Care Expendable Fund (HCEF). Since this portion of the funding, at that time, was reported in the same treasury fund as our federal revenue and our program income, the fact of tying expenditures to an exact funding source would have proved difficult. However, based on schedules prepared by MDRS staff and presented to the state auditors comparing total expenditures for the 2000 Section 110 grant (less program income) to actual federal revenue received, we felt, would provide the necessary documentation to prove that we met the required match for the 2000 Section 110 grant.

Corrective Action Plan:

We are currently reviewing our process of transferring the nonfederal share of expenditures from our 3000 funds to our 2000 funds in a timely manner. In addition, we have changed our procedures for handling funds from the Health Care Expendable Fund in that these funds are maintained in a separate treasury fund and expenditures are recorded, by project code, into this respective fund. Therefore, by performing timely transfers of nonfederal expenditures into our respective 2000 fund and/or our Health Care Expendable fund, and by using project codes to account for expenditures by program and grant year, we can provide the necessary audit trail to document our state match for each program and each grant year.

Should you have any questions regarding the Responses or Corrective Action Plans, please feel free to contact Mr. Chris Howard, Interim Director of the Office of Financial Management at 853-5220 or Mr. Gary Neely, Director of the Office of Vocational Rehabilitation at 853-5230.

Sincerely,



H.S. McMillan
Executive Director

pc: Chris Howard
Gary Neely

OFFICE OF
STATE AID ROAD CONSTRUCTION

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

P. O. BOX 1850
JACKSON, MISSISSIPPI 39215-1850

Floyd A. Kirk
State Aid Engineer
Telephone 359-7150

401 North West Street
Jackson, Mississippi 39201
FAX 359-7141

SINGLE AUDIT FINDINGS

Phil Bryant, State Auditor
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205-0956

February 7, 2002

Dear Mr. Bryant:

In regard to the audit of our financial records for the year ended June 30, 2001, we are hereby submitting this response along with a plan of corrective action. Please advise us if additional information regarding this matter is needed.

AUDIT FINDINGS:

CFDA 20.205 Highway Planning and Construction

Special Tests and Provisions

01-07 Internal Controls over Sampling and Testing of Materials Should Be Strengthened

The Office of State Aid Road Construction concurs with the finding as well as the recommendation. Our concurrence is based on an effort to comply with the Standard Operating Procedures for our agency.

Corrective Action Plan:

The State Aid District Engineers are being notified that all projects should be closely monitored to ensure that all required tests are performed. A notification is being sent to all County Engineers to remind them that they are responsible for performing tests as required by the State Aid Standard Operating Procedures.

The State Aid District Engineers will be responsible for ensuring that copies of all required tests are submitted for projects in their districts. The file clerks will be responsible for filing the reports in each project folder.

The corrective plan of action was implemented on 1/2/01.

Sincerely,



Floyd Kirk
State Aid Engineer

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STATE OF MISSISSIPPI
TREASURY DEPARTMENT

POST OFFICE BOX 138
JACKSON, MISSISSIPPI 39205
TELEPHONE (601) 359-3600

MARSHALL BENNETT
STATE TREASURER

January 15, 2002

Honorable Phil Bryant
State Auditor
State of Mississippi
8th Floor, Woolfolk State
Office Building
Jackson, Mississippi 39201

Dear Mr. Bryant:

We have reviewed the financial audit findings in reference to our fiscal year 2001 audit. Listed below are our responses and plan for corrective action.

01-37 **AUDIT FINDING:** Improve physical controls over network hardware.

Response: We concur with this finding.

Corrective Action Plan: The network computer equipment area is the only area currently available for this equipment. The Treasury is exploring several options regarding the relocation of this equipment. Because of the current budget situation there are no Treasury funds available to secure this room. However, the Treasury has been in contact with DFA regarding the possibility of additional funds that are remaining from the Sillers move that could be used to improve and secure this room. These funds would also be used to install emergency lighting, alarms and smoke detectors. Also, the room has been cleared of excess paper stock. A copy of this finding and response is being provided to DFA.

Sincerely,

A handwritten signature in cursive script that reads "Marshall Bennett".

Marshall Bennett
State Treasurer

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**MISSISSIPPI
DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS**

**SAM POLLES, Ph. D
Executive Director**

SINGLE AUDIT FINDINGS

March 5, 2002

Honorable Phil Bryant, State Auditor
Office of the State Auditor
State of Mississippi
501 North West Street Suite 801
Jackson, MS 39205-0956

Dear Mr. Bryant:

We are pleased to receive the Single Audit findings for the Department of Wildlife, Fisheries and Parks for fiscal year 2001.

The audit of selected accounts disclosed the following items of concern which this department has already corrected or will correct immediately:

REPORTABLE CONDITIONS

ACTIVITIES ALLOWED or UNALLOWED

01-30 **Internal Controls Should Be Strengthened over Activities Allowed or Unallowed**

Tables have now been updated by the current Federal Aid Accountant, and will be updated at the beginning of each fiscal year when the Federal Aid Coordinators provide an updated list of allowable codes. These updates will be reviewed and approved by the Deputy Support Services Director.

Starting with FY 2002 all spreadsheets prepared by the Federal Aid Accountant for Federal Aid Reimbursement will be reviewed and approved by the Deputy Support Services Director.

CASH MANAGEMENT

01-31 Internal Controls Should Be Strengthened over Cash Management

Starting with FY 2002, all spreadsheets prepared by the Federal Aid Accountant for Federal Aid Reimbursement will be reviewed and approved by the Deputy Support Services Director.

MATCHING, LEVEL of EFFORT, EARMARKING

01-32 Internal Controls Should Be Strengthened over Matching

All grants with the U. S. Fish and Wildlife Service are on a 75% Federal, 25% State matching basis. All spreadsheets that are used to compile Fish and Wildlife Draw downs set up to calculate 75% of allowable expenses. When grants are completed and financial reports are submitted to the Fish and Wildlife Service the accountants check to see that match requirements are met before they close the grant. The controls that are in place have prevented the making of improper draw down of funds to this point.

Starting with FY 2002, all spreadsheets that are prepared by the Federal Aid Accountant for Federal Aid Reimbursement will be reviewed and approved by the Deputy Support Services Director.

REPORTING

01-33 Internal Controls Should Be Strengthened over Reporting

While we do not agree with the differences in license holders stated in the finding, we do concur that the calculation that was used to estimate the number of permit holders was not accurate.

The License Certification that is upcoming for the FY2003 grants will be reviewed, tested and approved by the Deputy Support Services Director.

ALLOWABLE COSTS/COST PRINCIPLES

01-34 Costs Charged to the Program Should Be Allowable per Federal Regulations

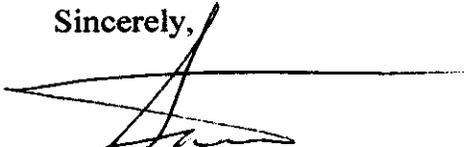
While we do not agree with the total amount of questioned/allowable costs stated in the findings we do agree that some errors were made. Since the agency overmatches the Fish and Wildlife Service Grants in excess of two million each year, these costs could have been deducted from the overmatch that was reported and the problem would have been corrected before the close of the grant year.

However, since the auditors chose to hold the information until the close of the grant period we will go through the process of refunding the amounts in this grant year, have the refunds applied to this years grants and redraw the money.

Starting with FY 2002, all spreadsheets that are prepared by the Federal Aid Accountant for Federal Aid Reimbursement will be reviewed and approved by the Deputy Support Services Director.

We want to thank your audit staff for their professional approach to our audit. We consider this input to be a real benefit to the agency.

Sincerely,



Sam G. Polles, Ph. D.
Executive Director

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IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2001**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 57-59
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: Page 61
5. U.S. Department of Housing and Urban Development: Page 63
6. U.S. Department of the Interior: Pages 65-69
7. U.S. Department of Justice: None
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: Page 71
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. Tennessee Valley Authority: None
14. U.S. Department of Veterans Affairs: None
15. Environmental Protection Agency: None
16. U.S. Department of Energy: None
17. Federal Emergency Management Agency: None
18. U.S. Department of Education: Pages 73-76
19. U.S. Department of Health and Human Services: Pages 77-100
20. Corporation for National and Community Service: None
21. Social Security Administration: None

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STATE OF MISSISSIPPI

INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2001

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Education: Pages 57, 73
9. Emergency Management: None
10. Employment Security: Page 51
11. Environmental Quality: None
12. Finance and Administration: None
13. Forestry Commission: None
14. Health: Pages 58, 77
15. Human Services: Page 78
16. Library Commission: None
17. Marine Resources: None
18. Medicaid: None
19. Mental Health: Page 97
20. Military Department: Page 61
21. Mississippi Development Authority: Pages 63, 98
22. Narcotics: None
23. Oil and Gas Board: None
24. Plant Industry: None
25. Public Safety: None
26. Public Service Commission: None
27. Rehabilitation Services: Page 74
28. Secretary of State: None
29. State Fire Academy: None
30. Supreme Court: None
31. Transportation: Page 71
32. Treasury: Page 53
33. Veterans Affairs Board: None
34. Wildlife, Fisheries and Parks: Page 65
35. Yellow Creek Inland Port Authority: None

Note: *If findings and recommendations related to an agency appear on more than one page in a sequence, only the first page is indicated in the above reference.*

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STATE OF MISSISSIPPI

INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY FINDING NUMBER
FOR THE YEAR ENDED JUNE 30, 2001

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
01-01	58	Health
01-02	59	Health
01-03	77	Health
01-04	61	Military Department
01-05	None	(Not Used)
01-06	97	Mental Health
01-07	71	Transportation
01-08	57	Education
01-09	75	Rehabilitation Services
01-10	None	(Not Used)
01-11	73	Education
01-12	78	Human Services
01-13	80	Human Services
01-14	81	Human Services
01-15	83	Human Services
01-16	85	Human Services
01-17	87	Human Services
01-18	88	Human Services
01-19	89	Human Services
01-20	90	Human Services
01-21	92	Human Services
01-22	94	Human Services
01-23	99	Mississippi Development Authority
01-24	None	(Not Used)
01-25	None	(Not Used)
01-26	None	(Not Used)
01-27	63	Mississippi Development Authority
01-28	98	Mississippi Development Authority
01-29	74	Rehabilitation Services
01-30	65	Wildlife, Fisheries and Parks
01-31	67	Wildlife, Fisheries and Parks
01-32	68	Wildlife, Fisheries and Parks
01-33	69	Wildlife, Fisheries and Parks
01-34	66	Wildlife, Fisheries and Parks
01-35	None	(Not Used)
01-36	51	Employment Security
01-37	53	Treasury

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STATE OF MISSISSIPPI

**INDEX OF MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2001**

1. Agriculture and Commerce: None
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. Education: Page 135
9. Emergency Management: None
10. Employment Security: Page 139
11. Environmental Quality: None
12. Finance and Administration: None
13. Forestry Commission: None
14. Health: Page 141
15. Human Services: Page 145
16. Library Commission: None
17. Marine Resources: None
18. Medicaid: None
19. Mental Health: Page 157
20. Military Department: Page 161
21. Mississippi Development Authority: Page 163
22. Narcotics: None
23. Oil and Gas Board: None
24. Plant Industry: None
25. Public Safety: None
26. Public Service Commission: None
27. Rehabilitation Services: Page 167
28. Secretary of State: None
29. State Fire Academy: None
30. Supreme Court: None
31. Transportation: Page 169
32. Treasury: Page 171
33. Veterans Affairs Board: None
34. Wildlife, Fisheries and Parks: Page 173
35. Yellow Creek Inland Port Authority: None

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V. ACKNOWLEDGMENTS



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