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Single Audit Report

For the Year Ended June 30, 2005

Office of the State Auditor • Phil Bryant, State Auditor



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

May 31, 2006

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, 2005. 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 eighteenth 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 2004 Comprehensive Annual Financial Report (CAFR) and
- an unqualified opinion has been rendered on the state's financial statements in 2005.

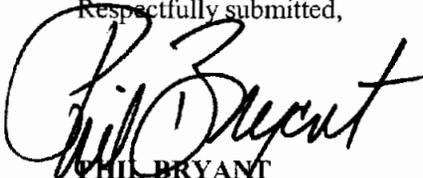
Mississippi's *Comprehensive Annual Financial Report* for fiscal year 2005 has been issued and is available electronically at <http://www.dfa.state.ms.us/> or by writing to the address below:

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

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

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,

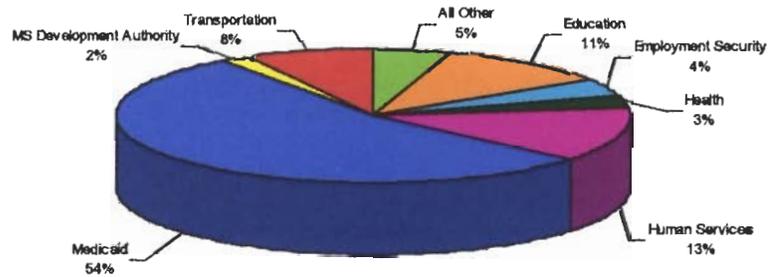


PHIL BRYANT
State Auditor

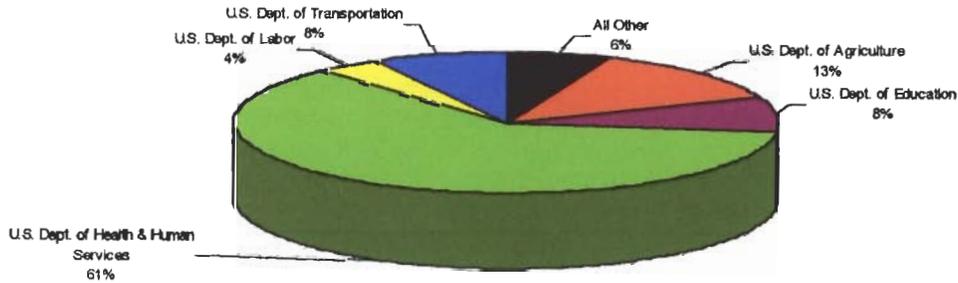
STATE OF MISSISSIPPI

Fiscal Year 2005

Expenditures of Federal Awards by State Grantee Agency

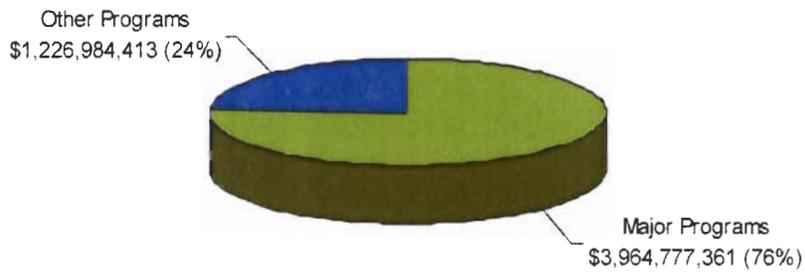


Expenditures of Federal Awards by Federal Department

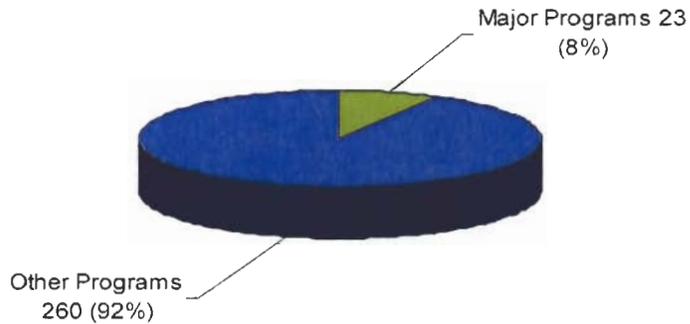


STATE OF MISSISSIPPI
Fiscal Year 2005

Percentage of Major Program Assistance
Total Expenditures of Federal Awards \$5,191,761,774

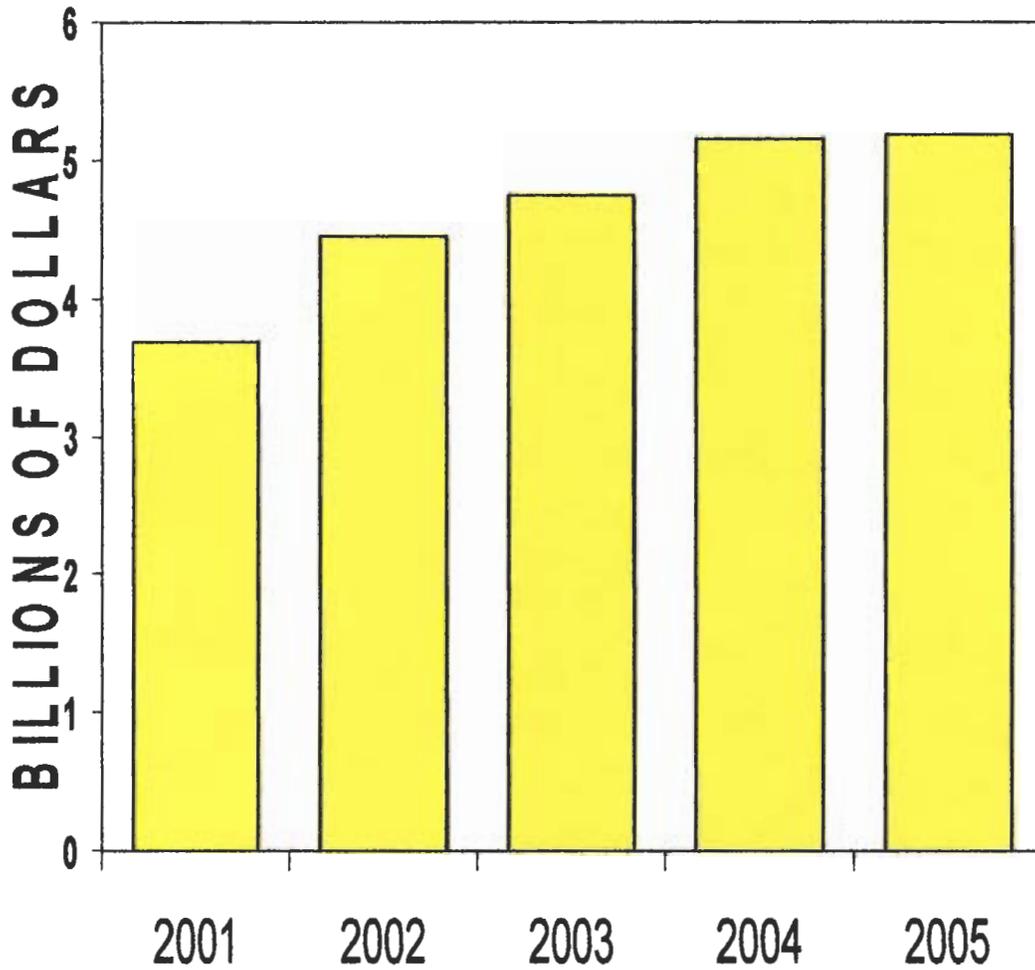


Percentage of Major Program Assistance
283 Programs



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, 2005

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I. AUDIT REPORTING





STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Mississippi, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements, and have issued our report thereon dated December 20, 2005. We did not audit the financial statements of:

- Government-wide Financial Statements
 - Governmental Activities
 - the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which, in the aggregate, represent 8% and 1%, respectively, of the assets and revenues of the Governmental Activities;
 - Business-type Activities
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board and AbilityWorks, Inc, within the Department of Rehabilitation Services which, in the aggregate, represent 36% and 18%, respectively, of the assets and revenues of the Business-type Activities;
 - Component Units
 - certain blended component units within the universities which represent 13% and 3% respectively, of the assets and revenues of the component units and the nonmajor component units which represent 3% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 11% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

- the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
- the Veterans' Home Purchase Board and the AbilityWorks, Inc. which, in the aggregate, represent 71% and 59%, respectively, of the assets and revenues of the nonmajor enterprise funds;

● Fiduciary Funds

- the Pension Trust Funds;
- the Mississippi Affordable College Savings Program which represents 100% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us. This report, insofar as it relates to the amounts included for the above mentioned entities, is based on 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.

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 opinions on the basic financial statements and not to provide an opinion 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 the above mentioned entities, was based solely on the reports of the other auditors. However, this report does not include reportable conditions, if any, for the major component unit, Universities, which will be presented in a separate report issued by the Office of the State Auditor.

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 material weaknesses. A material weakness is 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 caused by error or fraud in amounts that would be material in relation to the basic 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Mississippi's basic financial statements are free of material misstatement, we and other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We did not perform tests of compliance with laws, regulations, contracts and grant agreements for the entities identified in the first paragraph of this report. 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 above mentioned entities 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we and the other auditors noted certain matters, which we have reported to management of the State of Mississippi in separate communications.

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 4

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. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
December 20, 2005



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 the Legislature
and Citizens of the State of Mississippi

Compliance

We and other auditors 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, 2005. We did not audit the Homeland Security Cluster program, the Capitalization Grants for Clean Water State Revolving Funds program, or the Capitalization Grants for Drinking Water State Revolving Funds program. Those programs were audited by other auditors whose reports have been furnished to us. 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 and the audits of other auditors.

Except as discussed in the following paragraph, we and other auditors conducted our audits 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 and other auditors 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, and the audits of other auditors, provide a reasonable basis for our opinion. Our audit, and the audits of other auditors, 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 audits of these federal programs were conducted in accordance with the provisions of OMB Circular A-133, and separate reports were issued.

As described in item 05-26 in the accompanying schedule of findings and questioned costs, the State of Mississippi did not comply with requirements regarding reporting that are applicable to the Homeland Security Cluster. Compliance with that requirement is necessary, in our opinion, for the State of Mississippi to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the State of Mississippi did not comply in all material respects, with the requirements referred to above that are applicable to the Homeland Security Cluster program for the year ended June 30, 2005. Also, 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 other major federal programs for the year ended June 30, 2005. 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, and the auditing procedures of other auditors, disclosed additional instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs" as items 05-07, 05-15, 05-16, 05-17, 05-24, and 05-30.

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 the audit, we and other auditors 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 and other auditors 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 and other auditors' judgment, 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 61 through 110 of the accompanying "Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs."

A material weakness is 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 noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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 and the other auditors' 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, item 05-26 is considered to be a material weakness.

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 basic financial statements of the State of Mississippi as of and for the year ended June 30, 2005, and have issued our report thereon dated December 20, 2005. We did not audit the financial statements of:

- Government-wide Financial Statements
 - Governmental Activities
 - the Health Care Trust Fund, the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which, in the aggregate, represent 8% and 1%, respectively, of the assets and revenues of the Governmental Activities;
 - Business-type Activities
 - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board and AbilityWorks, Inc. within the Department of Rehabilitation Services which, in the aggregate, represent 36% and 18%, respectively, of the assets and revenues of the Business-type Activities;
 - Component Units
 - certain blended component units within the Universities which represent 13% and 3%, respectively, of the assets and revenues of the component units and the nonmajor component units which represent 3% and 1%, respectively, of the assets and revenues of the Component Units.

■ Fund Financial Statements

● Governmental Funds

- the Department of Environmental Quality Clean Water State Revolving Loan Fund and the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund which represent 11% and less than 1%, respectively, of the assets and revenues of the General Fund;
- the Health Care Trust Fund which represents 98% and 100%, respectively, of the assets and revenues of the Health Care major governmental fund;

● Proprietary Funds

- the Port Authority at Gulfport and the Mississippi Prepaid Affordable College Tuition Program, both of which are considered major enterprise funds;
- the Veterans' Home Purchase Board and the AbilityWorks, Inc. which, in the aggregate, represent 71% and 59%, respectively, of the assets and revenues of the nonmajor enterprise funds;

● Fiduciary Funds

- the Pension Trust Funds;
- the Mississippi Affordable College Savings Program which represents 100% and 98%, respectively, of the assets and additions to net assets of the Private-Purpose Trust Funds.

Those financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the above named entities, is based on 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 were audited in accordance with statutory requirements and the provisions of OMB Circular A-133, and separate reports were 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 5

Our audit and the audits of the other auditors were performed for the purpose of forming an opinion on the basic financial statements of the State of Mississippi and on the entities listed above, 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 basic 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 basic financial statements. In our opinion, based upon our audit and the audit reports of the other auditors, except for the effects 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 basic 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. However, this report is matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance
Audit Division

Jackson, Mississippi
May 16, 2006, except for the Schedule of Expenditures of Federal Awards, as to which the date is
December 20, 2005.

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**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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
OFFICE OF NATIONAL DRUG CONTROL POLICY			
07.UN	High Intensity Drug Trafficking Area	Narcotics / Public Safety	720,435
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			720,435
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture and Commerce / Animal Health	962,026
10.163	Market Protection and Promotion	Agriculture and Commerce	40,233
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture and Commerce	1,470,161
10.550	@ Food Donation	Education	13,027,180
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Education / Health	66,028,818
10.558	Child and Adult Care Food Program	Education	27,121,982
10.560	State Administrative Expenses for Child Nutrition	Education	2,280,383
10.565	Commodity Supplemental Food Program	Health	385,538
10.574	Team Nutrition Grants	Education	116,033
10.664	Cooperative Forestry Assistance	Forestry Commission	2,800,369
10.677	Forest Land Enhancement Program	Forestry Commission	44,437
10.902	Soil and Water Conservation	Soil & Water Conservation Commission	2,244,236
10.950	Agricultural Statistics Reports	Agriculture and Commerce	112,819
10.UN1	Marketing Analysis and Training Program	Agriculture and Commerce	20,000
SUBTOTAL			116,654,215
Food Stamp Cluster			
10.551	@ Food Stamps	Human Services	388,877,658

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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
10.561	State Administrative Matching Grants for Food Stamp Program	Human Services	26,322,483
	Total Food Stamp Cluster		415,200,141
	Child Nutrition Cluster		
10.553	School Breakfast Program	Education	42,925,941
10.555	National School Lunch Program	Education	115,407,105
10.556	Special Milk Program for Children	Education	7,289
10.559	Summer Food Service Program for Children	Education	5,134,996
	Total Child Nutrition Cluster		163,475,331
	Emergency Food Assistance Cluster		
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	742,355
10.569	@ Emergency Food Assistance Program (Food Commodities)	Human Services	3,964,535
	Total Emergency Food Assistance Cluster		4,706,890
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		700,036,577
	U.S. DEPARTMENT OF COMMERCE		
11.407	Interjurisdictional Fisheries Act of 1986	Marine Resources	93,069
11.419	Coastal Zone Management Administration Awards	Environmental Quality / Marine Resources	4,644,815
11.420	Coastal Zone Management Estuarine Research Reserves	Marine Resources	496,837
11.433	Marine Fisheries Initiative	Marine Resources	500,000
11.434	Cooperative Fishery Statistics	Marine Resources	80,654
11.452	Unallied Industry Projects	Marine Resources	19,200
11.463	Habitat Conservation	Marine Resources	335,084
11.545	Shellfish Restoration	Marine Resources	569,996

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
TOTAL U.S. DEPARTMENT OF COMMERCE		6,739,655
U.S. DEPARTMENT OF DEFENSE		
12.002	Procurement Technical Assistance For Business Firms MS Development Authority	148,221
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services Environmental Quality	111,240
12.400	Military Construction, National Guard Military Department	573,769
12.401	National Guard Military Operations and Maintenance (O&M) Projects Military Department	50,870,010
12.402	National Guard Special Military Operations and Projects Military Department	5,308,308
12.404	National Guard Civilian Youth Opportunities Military Department	3,235,647
12.405	National Guard Drug Interdiction and Counter Drug Activities Military Department	274,900
12.UN	Transfer of Excess Personal Property for Counter- Drug Activities Finance and Administration	11,161
12.UN1	Teacher and Teacher's Aide Placement Assistance Program Education	91,948
12.UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500. DAWC01-3-91-543. DACW01-3-92-410. DACW01-3-91-411. DACW38-91-H-007 and DACW38-91-H-001.) Wildlife, Fisheries and Parks	1,679,020
TOTAL U.S. DEPARTMENT OF DEFENSE		62,304,224
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.228	Community Development Block Grants/State's Program MS Development Authority	35,156,525
14.231	Emergency Shelter Grants Program MS Development Authority	1,200,343
14.239	HOME Investment Partnerships Program MS Development Authority	12,153,584
14.241	Housing Opportunities for Persons with AIDS Health	498,472

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
14.466	Developing and Enhancing Prescription Drug Monitoring Programs Funding Pharmacy Board	63,231
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		49,072,155
U.S. DEPARTMENT OF THE INTERIOR		
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining Environmental Quality	92,872
15.612	Rare and Endangered Species Conservation Wildlife, Fisheries and Parks	159,132
15.616	Clean Vessel Act Marine Resources	23,086
15.622	Sportfishing and Boating Safety Act Marine Resources	86,899
15.808	U.S. Geological Survey- Research and Data Collection Environmental Quality	43,142
15.810	National Cooperative Geologic Mapping Program Environmental Quality	121,750
15.904	Historic Preservation Fund Grants-In-Aid Archives and History	1,271,794
15.916	Outdoor Recreation-Acquisition, Development and Planning Wildlife, Fisheries and Parks	1,092,535
SUBTOTAL		2,891,210
Fish and Wildlife Cluster		
15.605	Sport Fish Restoration Marine Resources / Wildlife, Fisheries and Parks	7,545,871
15.611	Wildlife Restoration Wildlife, Fisheries and Parks	644,982
Total Fish and Wildlife Cluster		8,190,853
TOTAL U.S. DEPARTMENT OF THE INTERIOR		11,082,063
U.S. DEPARTMENT OF JUSTICE		
16.202	Offender Reentry Program Corrections	557,971
16.523	Juvenile Accountability Incentive Block Grants Public Safety	1,716,629
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States Public Safety	322,106

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
16.548	Title V-Delinquency Prevention Program	Public Safety	119,440
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	361,152
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	Public Safety	72,651
16.564	Crime Laboratory Improvement -Combined Offender DNA Index System Backlog Reduction	Public Safety	512,893
16.575	Crime Victim Assistance	Public Safety	3,345,192
16.576	Crime Victim Compensation	Attorney General	713,000
16.579	Byrne Formula Grant Program	Public Safety	4,655,327
16.588	Violence Against Women Formula Grants	Public Safety	1,345,634
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	Public Safety	316,227
16.592	Local Law Enforcement Block Grants Program	Public Safety	149,677
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	727,709
16.606	State Criminal Alien Assistance Program	Corrections	38,471
16.607	Bulletproof Vest Partnership Program	Corrections / Tax Commission	12,635
16.609	Community Prosecution and Project Safe Neighborhoods	Public Safety	199,805
16.710	Public Safety Partnership and Community Policing Grants	Public Safety	149,438
16.727	Enforcing Underage Drinking Laws Program	Public Safety	401,047
16.UN	Domestic Cannabis Eradication/Suppression Program	Narcotics	156,160
16.UN1	COPS Methamphetamine Grant	Narcotics	258,700
TOTAL U.S. DEPARTMENT OF JUSTICE			16,131,864
U.S. DEPARTMENT OF LABOR			
17.002	Labor Force Statistics	Employment Security	670,805

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
17.005	Compensation and Working Conditions	Health	6,551
17.203	Labor Certification for Alien Workers	Employment Security	57,369
17.225 #	Unemployment Insurance	Employment Security	167,906,971
17.235	Senior Community Service Employment Program	Human Services	887,931
17.245	Trade Adjustment Assistance-Workers	Employment Security	5,134,713
17.249	Employment Services and Job Training Pilots - Demonstrations and Research	Education	2,134-
17.250	Job Training Partnership Act	MS Development Authority	18,319
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	Bd for Community and Junior Colleges / Employment Security	1,732,891
17.266	Work Incentives Grant	MS Development Authority	319,548
17.504	Consultation Agreements	Health	2,985
17.600	Mine Health and Safety Grants	Environmental Quality	18,608
17 UN	Job Corps	Employment Security	786,204
SUBTOTAL			177,540,761
Employment Services Cluster			
17.207	Employment Service	Employment Security	8,498,988
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment Security	631,695
17.804	Local Veterans' Employment Representative Program	Employment Security	1,073,685
Total Employment Services Cluster			10,204,368
WIA Cluster			
17.258	WIA Adult Program	MS Development Authority	14,572,823
17.259	WIA Youth Activities	MS Development Authority	11,875,339
17.260	WIA Dislocated Workers	MS Development Authority	16,937,744

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
	Total WIA Cluster		43,385,906
	TOTAL U.S. DEPARTMENT OF LABOR		231,131,035
	U.S. DEPARTMENT OF TRANSPORTATION		
20.106	Airport Improvement Program	Transportation	15,750
20.217	Motor Carrier Safety	Public Safety	485,029
20.218	National Motor Carrier Safety	Public Safety / Public Service Commission	1,328,868
20.219	Recreational Trails Program	Wildlife, Fisheries and Parks	454,391
20.500	Federal Transit-Capital Investment Grants	Transportation	833,080
20.505	Federal Transit-Metropolitan Planning Grants	Transportation	158,770
20.509	Formula Grants for Other Than Urbanized Areas	Transportation	4,413,094
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation	1,825,654
20.700	Pipeline Safety	Public Service Commission	256,445
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Emergency Management	104,010
20.UN	Fatal Analysis Reporting System	Public Safety	63,461
	SUBTOTAL		9,938,552
	Highway Planning and Construction Cluster		
20.205	Highway Planning and Construction	Tax Commission / Transportation	403,208,282
	Total Highway Planning and Construction Cluster		403,208,282
	Highway Safety Cluster		
20.600	State and Community Highway Safety	Public Safety / Transportation	4,838,315
	Total Highway Safety Cluster		4,838,315
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		417,985,149

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
APPALACHIAN REGIONAL COMMISSION			
23.002	Appalachian Area Development	MS Development Authority	591,127
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	Education / MS Development Authority	175,985
TOTAL APPALACHIAN REGIONAL COMMISSION			767,112
GENERAL SERVICES ADMINISTRATION			
39.003	@ Donation of Federal Surplus Personal Property	Finance and Administration	570,394
39.011	Election Reform Payments	Secretary of State	2,609,994
TOTAL GENERAL SERVICES ADMINISTRATION			3,180,388
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
45.024	Promotion of the Arts-Grants to Organizations and Individuals	Archives and History	10,000
45.025	Promotion of the Arts-Partnership Agreements	Arts Commission	594,724
45.026	Promotion of the Arts-Leadership Initiatives	Arts Commission	7,292
45.303	Conservation Project Support	Archives and History	6,648
45.310	State Library Program	Library Commission	2,066,765
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			2,685,429
U.S. DEPARTMENT OF VETERANS AFFAIRS			
64.124	All-Volunteer Force Educational Assistance	Veterans Affairs Board	80,501
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			80,501
ENVIRONMENTAL PROTECTION AGENCY			
66.032	State Indoor Radon Grants	Health	48,899

(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, 2005

<u>CFDA</u> <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures</u> <u>Distributions/</u> <u>Issuances</u>
66.419	Water Pollution Control State and Interstate Program Support	Environmental Quality	328,904
66.432	State Public Water System Supervision	Health	1,031,673
66.433	State Underground Water Source Protection	Environmental Quality / Oil and Gas Board	136,753
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	Environmental Quality	105,595
66.454	Water Quality Management Planning	Environmental Quality	130,525
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality	18,200,733
66.460	Nonpoint Source Implementation Grants	Environmental Quality	2,700,574
66.461	Regional Wetland Program Development Grants	Marine Resources	127,714
66.463	Water Quality Cooperative Agreements	Environmental Quality	198,021
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	Environmental Quality	38,758
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Health	4,832,223
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	Health	192,638
66.472	Beach Monitoring and Notification Program Implementation Grants	Environmental Quality	208,317
66.474	Water Protection Grants to the States	Health	43,440
66.475	Gulf of Mexico Program	Environmental Quality	55,918
66.500	Environmental Protection-Consolidated Research	Environmental Quality	158,457
66.605	Performance Partnership Grants	Agricultural Aviation Board / Environmental Quality	6,036,651
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Quality / Marine Resources	560,465

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
66.608	Environmental Information Exchange Network Grant Program	Environmental Quality	535,028
66.611	Environmental Policy and Innovation Grants	Environmental Quality	25,520
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture and Commerce	179,381
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	Environmental Quality	77,526
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	Environmental Quality	377,935
66.708	Pollution Prevention Grants Program	Environmental Quality	135,360
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Environmental Quality	223,580
66.804	State and Tribal Underground Storage Tanks Program	Environmental Quality	223,557
66.805	Leaking Underground Storage Tank Trust Fund Program	Environmental Quality	1,122,320
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality	163,273
66.817	State and Tribal Response Program Grants	Environmental Quality	1,096,890
TOTAL ENVIRONMENTAL PROTECTION AGENCY			39,296,628
U.S. DEPARTMENT OF ENERGY			
81.041	State Energy Program	MS Development Authority / Treasury	587,459
81.042	Weatherization Assistance for Low-Income Persons	Human Services	1,817,248
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant : States and Tribal Concerns, Proposed Solutions	Emergency Management	45,295
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	MS Development Authority	50,572
81.119	State Energy Program Special Projects	MS Development Authority	135,137

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
81.UN1	Petroleum Violation Escrow - Stripper Well	Treasury	983,921
81.UN2	Petroleum Violation Escrow - Citronelle/Exxon	Treasury	74,252
TOTAL U.S. DEPARTMENT OF ENERGY			3,693,884
U.S. DEPARTMENT OF EDUCATION			
84.002	Adult Education-State Grant Program	Bd for Community and Junior Colleges	6,453,785
84.010	Title I Grants to Local Educational Agencies	Education	155,481,646
84.011	Migrant Education-State Grant Program	Education	1,265,598
84.013	Title I Program for Neglected and Delinquent Children	Education	899,542
84.048	Vocational Education-Basic Grants to States	Education	16,059,735
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	Rehabilitation Services	37,851,622
84.169	Independent Living-State Grants	Rehabilitation Services	457,948
84.177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	Rehabilitation Services	284,555
84.181	Special Education-Grants for Infants and Families with Disabilities	Health	4,903,398
84.184	Safe and Drug-Free Schools and Communities-National Programs	Education	136,091
84.185	Byrd Honors Scholarships	Education	419,250
84.186	Safe and Drug-Free Schools and Communities-State Grants	Education / Public Safety	4,831,699
84.187	Supported Employment Services for Individuals with Severe Disabilities	Rehabilitation Services	244,217
84.196	Education for Homeless Children and Youth	Education	664,367
84.213	Even Start -State Educational Agencies	Education	2,350,324
84.215	Fund for the Improvement of Education	Education	162,373

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
84.367	Improving Teacher Quality State Grants	Education	40,456,914
84.369	Grants for State Assessments and Related Activities	Education	5,558,415
SUBTOTAL			327,901,267
Special Education Cluster (IDEA)			
84.027	Special Education-Grants to States	Education	97,392,673
84.173	Special Education-Preschool Grants	Education	4,408,115
Total Special Education Cluster (IDEA)			101,800,788
TRIO Cluster			
84.044	TRIO-Talent Search	Education	402,869
Total TRIO Cluster			402,869
TOTAL U.S. DEPARTMENT OF EDUCATION			430,104,924
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.003	Public Health and Social Services Emergency Fund	Health	5,871,675
93.041	Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	42,509
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	Human Services	189,972
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Human Services	226,639
93.048	Special Programs for the Aging-Title IV-and Title II- Discretionary Projects	Human Services	145,693
93.051	Alzheimer's Disease Demonstration Grants to States	Mental Health	197,917
93.052	National Family Caregiver Support	Human Services	1,244,727
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Mental Health	1,002,205
93.110	Maternal and Child Health Federal Consolidated Programs	Health	290,133

(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, 2005

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	927,892
93.127	Emergency Medical Services for Children	Health	115,629
93.130	Primary Care Services Resource Coordination and Development	Health	155,576
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	564,366
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mental Health	284,226
93.161	Health Program for Toxic Substances and Disease Registry	Health	17,348
93.217	Family Planning-Services	Health	5,109,579
93.230	Consolidated Knowledge Development and Application (KD&A) Program	Mental Health	2,587,617
93.235	Abstinence Education Program	Health	830,987
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	Mental Health	33,001
93.241	State Rural Hospital Flexibility Program	Health	329,030
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	Mental Health	86,474
93.251	Universal Newborn Hearing Screening	Health	204,242
93.256	State Planning Grants Health Care Access for the Uninsured	Medicaid	312,685
93.259	Rural Access to Emergency Devices Grant	Health	276,593
93.268	@ Immunization Grants	Health	5,731,379
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	Health	17,954,283
93.301	Small Rural Hospital Improvement Grant Program	Health	333,901
93.556	Promoting Safe and Stable Families	Human Services	4,274,270

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>		Federal Expenditures Distributions/ Issuances
93.558	Temporary Assistance for Needy Families	Human Services	88,269,604
93.563	Child Support Enforcement	Human Services	12,007,859
93.566	Refugee and Entrant Assistance-State Administered Programs	Human Services	1,174,249
93.568	Low-Income Home Energy Assistance	Human Services	13,055,624
93.569	Community Services Block Grant	Human Services	11,062,443
93.570	Community Services Block Grant-Discretionary Awards	Human Services	7-
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	Human Services	48,762
93.576	Refugee and Entrant Assistance-Discretionary Grants	Health / Human Services	77,724
93.585	Empowerment Zones Program	MS Development Authority	5,191,374
93.586	State Court Improvement Program	Supreme Court	252,711
93.597	Grants to States for Access and Visitation Programs	Human Services	82,995
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	10,722
93.600	Head Start	Education	144,380
93.603	Adoption Incentive Payments	Human Services	37,304
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mental Health	886,479
93.643	Children's Justice Grants to States	Human Services	171,460
93.645	Child Welfare Services-State Grants	Human Services	4,024,288
93.658	Foster Care-Title IV-E	Human Services	8,026,612
93.659	Adoption Assistance	Human Services	4,071,441
93.667	Social Services Block Grant	Human Services	20,584,432
93.669	Child Abuse and Neglect State Grants	Human Services	311,538

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	Health	1,167,471
93.674	Chafee Foster Care Independence Program	Human Services	606,456
93.767	State Children's Insurance Program	Medicaid	107,200,946
93.769	Demonstration to Maintain Independence and Employment	Medicaid	155,851
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Human Services / Medicaid / Mental Health	966,224
93.913	Grants to States for Operation of Offices of Rural Health	Health	19,930
93.917	HIV Care Formula Grants	Health	11,548,669
93.923	Disadvantaged Health Professions Faculty Loan Repayment (FLRP) and Minority Faculty Fellowship Program (MFFP)	Health	176,670
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	Education	180,528
93.940	HIV Prevention Activities-Health Department Based	Health	34,448-
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	Health	1,854,302
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	Health	447,048
93.945	Assistance Programs for Chronic Disease Prevention and Control	Education / Health	905,874
93.952	Trauma Care Systems Planning and Development	Health	87,609
93.958	Block Grants for Community Mental Health Services	Mental Health	3,903,300
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Mental Health	14,583,806
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	Health	2,079,500

(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, 2005

CFDA <u>Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	Health	335,037
93.991	Preventive Health and Health Services Block Grant	Health	1,983,203
93.994	@ Maternal and Child Health Services Block Grant to the States	Health	11,001,690
SUBTOTAL			378,002,208
Aging Cluster			
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Human Services	4,055,800
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Human Services	5,295,683
93.053	Nutrition Services Incentive Program	Human Services	1,637,285
Total Aging Cluster			10,988,768
CCDF Cluster			
93.575	Child Care and Development Block Grant	Human Services	25,426,452
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	23,218,018
Total CCDF Cluster			48,644,470
Medicaid Cluster			
93.775	State Medicaid Fraud Control Units	Attorney General	1,244,080
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health / Medicaid	3,958,019
93.778	Medical Assistance Program	Medicaid	2,700,185,535
Total Medicaid Cluster			2,705,387,634
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,143,023,080
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
94.004	Learn and Serve America-School and Community Based Programs	Education	258,737

(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, 2005

CFDA Number	<u>Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	SUBTOTAL	258,737
	Foster Grandparent/Senior Companion Cluster	
94.016	Senior Companion Program Human Services	149,923
	Total Foster Grandparent/Senior Companion Cluster	149,923
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	408,660
	SOCIAL SECURITY ADMINISTRATION	
96.008	Social Security-Benefits Planning, Assistance, and Outreach Program Rehabilitation Services	657,795
	SUBTOTAL	657,795
	Disability Insurance/SSI Cluster	
96.001	Social Security-Disability Insurance Rehabilitation Services	22,827,322
	Total Disability Insurance/SSI Cluster	22,827,322
	TOTAL SOCIAL SECURITY ADMINISTRATION	23,485,117
	DEPARTMENT OF HOMELAND SECURITY	
97.012	Boating Safety Financial Assistance Wildlife, Fisheries and Parks	421,021
97.020	Hazardous Materials Training Program Emergency Management	2,118
97.021	Hazardous Materials Assistance Program Emergency Management	311
97.023	Community Assistance Program State Support Services Element (CAP-SSSE) Emergency Management	171,352
97.029	Flood Mitigation Assistance Emergency Management	18,537
97.032	Crisis Counseling Emergency Management	28,533
97.034	Disaster Unemployment Assistance Employment Security	10,940
97.036	Public Assistance Grants Emergency Management	14,925,980
97.038	First Responder Counter-Terrorism Training Assistance State Fire Academy	6,888

(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, 2005

<u>CFDA Number</u>	<u>Federal Department/Program Name</u>		<u>Federal Expenditures Distributions/ Issuances</u>
97.039	Hazard Mitigation Grant	Emergency Management	2,579,128
97.041	National Dam Safety Program	Environmental Quality	132,699
97.042	Emergency Management Performance Grants	Emergency Management	1,111,225
97.043	State Fire Training Systems Grants	State Fire Academy	11,036
97.045	Cooperating Technical Partners	Environmental Quality	660,641
97.051	State and Local All Hazards Emergency Operations Planning	Emergency Management	518,563
97.052	Emergency Operations Centers	Emergency Management	4,680,486
97.053	Citizen Corps	Emergency Management	108,109
97.054	Community Emergency Response Teams	Emergency Management	125,893
97.070	Map Modernization Management Support	Environmental Quality	112,481
SUBTOTAL			25,625,941
Homeland Security Cluster			
97.004	State Domestic Preparedness Equipment Support Program	Emergency Management / Public Safety	24,206,953
Total Homeland Security Cluster			24,206,953
TOTAL DEPARTMENT OF HOMELAND SECURITY			49,832,894
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,191,761,774

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$135,250,291 and federal expenditures of \$32,656,680. Federal expenditures consist of both cash and noncash benefits.

@ 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, 2005

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<u>Agricultural Aviation Board</u>		
ENVIRONMENTAL PROTECTION AGENCY		
66.605	Performance Partnership Grants	30,610
TOTAL Agricultural Aviation Board		30,610
<u>Agriculture and Commerce</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	488,018
10.163	Market Protection and Promotion	40,233
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,470,161
10.950	Agricultural Statistics Reports	112,819
10.UN1	Marketing Analysis and Training Program	20,000
Total U.S. DEPARTMENT OF AGRICULTURE		2,131,231
ENVIRONMENTAL PROTECTION AGENCY		
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	179,381
TOTAL Agriculture and Commerce		2,310,612
<u>Animal Health</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	474,008
TOTAL Animal Health		474,008
<u>Archives and History</u>		
U.S. DEPARTMENT OF THE INTERIOR		
15.904	Historic Preservation Fund Grants-In-Aid	1,271,794
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.024	Promotion of the Arts-Grants to Organizations and Individuals	10,000
45.303	Conservation Project Support	6,648
Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		16,648
TOTAL Archives and History		1,288,442

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, 2005

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
<u>Arts Commission</u>		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025	Promotion of the Arts-Partnership Agreements	594,724
45.026	Promotion of the Arts-Leadership Initiatives	7,292
	Total NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	602,016
<u>U.S. DEPARTMENT OF EDUCATION</u>		
84.351	Arts in Education	195,649
	TOTAL Arts Commission	797,665
<u>Attorney General</u>		
U.S. DEPARTMENT OF JUSTICE		
16.576	Crime Victim Compensation	713,000
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
93.775	State Medicaid Fraud Control Units	1,244,080
	TOTAL Attorney General	1,957,080
<u>Bd for Community and Junior Colleges</u>		
U.S. DEPARTMENT OF LABOR		
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	1,695,823
<u>U.S. DEPARTMENT OF EDUCATION</u>		
84.002	Adult Education-State Grant Program	6,453,785
	TOTAL Bd for Community and Junior Colleges	8,149,608
<u>Corrections</u>		
U.S. DEPARTMENT OF JUSTICE		
16.202	Offender Reentry Program	557,971
16.606	State Criminal Alien Assistance Program	38,471
16.607	Bulletproof Vest Partnership Program	4,250

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
Total U.S. DEPARTMENT OF JUSTICE		600,692
TOTAL Corrections		600,692
<u>Education</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.550	Food Donation	13,027,180
10.553	School Breakfast Program	42,925,941
10.555	National School Lunch Program	115,407,105
10.556	Special Milk Program for Children	7,289
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	452,071
10.558	Child and Adult Care Food Program	27,121,982
10.559	Summer Food Service Program for Children	5,134,996
10.560	State Administrative Expenses for Child Nutrition	2,280,383
10.574	Team Nutrition Grants	116,033
Total U.S. DEPARTMENT OF AGRICULTURE		206,472,980
U.S. DEPARTMENT OF DEFENSE		
12.UN1	Teacher and Teacher's Aide Placement Assistance Program	91,948
U.S. DEPARTMENT OF LABOR		
17.249	Employment Services and Job Training Pilots - Demonstrations and Research	2,134-
APPALACHIAN REGIONAL COMMISSION		
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	37,299
U.S. DEPARTMENT OF EDUCATION		
84.010	Title I Grants to Local Educational Agencies	155,481,646
84.011	Migrant Education-State Grant Program	1,265,598
84.013	Title I Program for Neglected and Delinquent Children	899,542
84.027	Special Education-Grants to States	97,392,673
84.044	TRIO-Talent Search	402,869
84.048	Vocational Education-Basic Grants to States	16,059,735
84.173	Special Education-Preschool Grants	4,408,115
84.184	Safe and Drug-Free Schools and Communities-National Programs	136,091
84.185	Byrd Honors Scholarships	419,250
84.186	Safe and Drug-Free Schools and Communities-State Grants	3,805,643
84.196	Education for Homeless Children and Youth	664,367

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
84.213	Even Start -State Educational Agencies	2,350,324
84.215	Fund for the Improvement of Education	162,373
84.243	Tech-Prep Education	1,585,622
84.287	Twenty-First Century Community Learning Centers	9,933,973
84.293	Foreign Language Assistance	165
84.298	State Grants for Innovative Programs	2,810,517
84.305	Education Research, Development and Dissemination	71,002
84.318	Education Technology State Grants	7,484,788
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	13,708
84.330	Advanced Placement Program	412,040
84.331	Grants to States for Incarcerated Youth Offenders	423,091
84.332	Comprehensive School Reform Demonstration	4,264,772
84.336	Teacher Quality Enhancement Grants	911,957
84.348	Title 1 Accountability Grants	65
84.350	Transition to Teaching	433,647
84.357	Reading First State Grants	11,285,127
84.358	Rural Education	6,798,702
84.365	English Language Acquisition Grants	1,146,361
84.366	Mathematics and Science Partnerships	1,131,899
84.367	Improving Teacher Quality State Grants	40,456,914
84.369	Grants for State Assessments and Related Activities	5,558,415
Total U.S. DEPARTMENT OF EDUCATION		378,170,991
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.600	Head Start	144,380
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	180,528
93.945	Assistance Programs for Chronic Disease Prevention and Control	597,393
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		922,301
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.004	Learn and Serve America-School and Community Based Programs	258,737
TOTAL Education		585,952,122
Emergency Management		
U.S. DEPARTMENT OF TRANSPORTATION		
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	104,010

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
U.S. DEPARTMENT OF ENERGY		
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant : States and Tribal Concerns, Proposed Solutions	45,295
DEPARTMENT OF HOMELAND SECURITY		
97.004	State Domestic Preparedness Equipment Support Program	17,868,070
97.020	Hazardous Materials Training Program	2,118
97.021	Hazardous Materials Assistance Program	311
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	171,352
97.029	Flood Mitigation Assistance	18,537
97.032	Crisis Counseling	28,533
97.036	Public Assistance Grants	14,925,980
97.039	Hazard Mitigation Grant	2,579,128
97.042	Emergency Management Performance Grants	1,111,225
97.051	State and Local All Hazards Emergency Operations Planning	518,563
97.052	Emergency Operations Centers	4,680,486
97.053	Citizen Corps	108,109
97.054	Community Emergency Response Teams	125,893
	Total DEPARTMENT OF HOMELAND SECURITY	42,138,305
	TOTAL Emergency Management	42,287,610
<u>Employment Security</u>		
U.S. DEPARTMENT OF LABOR		
17.002	Labor Force Statistics	670,805
17.203	Labor Certification for Alien Workers	57,369
17.207	Employment Service	8,498,988
17.225	Unemployment Insurance	167,906,971
17.245	Trade Adjustment Assistance-Workers	5,134,713
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	37,068
17.801	Disabled Veterans' Outreach Program (DVOP)	631,695
17.804	Local Veterans' Employment Representative Program	1,073,685
17.UN	Job Corps	786,204
	Total U.S. DEPARTMENT OF LABOR	184,797,498
DEPARTMENT OF HOMELAND SECURITY		
97.034	Disaster Unemployment Assistance	10,940

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
	TOTAL Employment Security	184,808,438
	<u>Environmental Quality</u>	
	U.S. DEPARTMENT OF COMMERCE	
11.419	Coastal Zone Management Administration Awards	3,315,799
	U.S. DEPARTMENT OF DEFENSE	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	111,240
	U.S. DEPARTMENT OF THE INTERIOR	
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	92,872
15.808	U.S. Geological Survey- Research and Data Collection	43,142
15.810	National Cooperative Geologic Mapping Program	121,750
	Total U.S. DEPARTMENT OF THE INTERIOR	257,764
	U.S. DEPARTMENT OF LABOR	
17.600	Mine Health and Safety Grants	18,608
	ENVIRONMENTAL PROTECTION AGENCY	
66.419	Water Pollution Control State and Interstate Program Support	328,904
66.433	State Underground Water Source Protection	29,503
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	105,595
66.454	Water Quality Management Planning	130,525
66.458	Capitalization Grants for Clean Water State Revolving Funds	18,200,733
66.460	Nonpoint Source Implementation Grants	2,700,574
66.463	Water Quality Cooperative Agreements	198,021
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	38,758
66.472	Beach Monitoring and Notification Program Implementation Grants	208,317
66.475	Gulf of Mexico Program	55,918
66.500	Environmental Protection-Consolidated Research	158,457
66.605	Performance Partnership Grants	6,006,041
66.606	Surveys, Studies, Investigations and Special Purpose Grants	531,812
66.608	Environmental Information Exchange Network Grant Program	535,028
66.611	Environmental Policy and Innovation Grants	25,520

(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, 2005

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	77,526
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	377,935
66.708	Pollution Prevention Grants Program	135,360
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	223,580
66.804	State and Tribal Underground Storage Tanks Program	223,557
66.805	Leaking Underground Storage Tank Trust Fund Program	1,122,320
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	163,273
66.817	State and Tribal Response Program Grants	1,096,890
	Total ENVIRONMENTAL PROTECTION AGENCY	32,674,147
	DEPARTMENT OF HOMELAND SECURITY	
97.041	National Dam Safety Program	132,699
97.045	Cooperating Technical Partners	660,641
97.070	Map Modernization Management Support	112,481
	Total DEPARTMENT OF HOMELAND SECURITY	905,821
	TOTAL Environmental Quality	37,283,379
	<u>Finance and Administration</u>	
	U.S. DEPARTMENT OF DEFENSE	
12.UN	Transfer of Excess Personal Property for Counter- Drug Activities	11,161
	GENERAL SERVICES ADMINISTRATION	
39.003	Donation of Federal Surplus Personal Property	570,394
	TOTAL Finance and Administration	581,555
	<u>Forestry Commission</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.664	Cooperative Forestry Assistance	2,800,369
10.677	Forest Land Enhancement Program	44,437
	Total U.S. DEPARTMENT OF AGRICULTURE	2,844,806
	TOTAL Forestry Commission	2,844,806
	<u>Health</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	65,576,747

(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, 2005

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures Distributions/ Issuances
10.565	Commodity Supplemental Food Program	385,538
	Total U.S. DEPARTMENT OF AGRICULTURE	65,962,285
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
14.241	Housing Opportunities for Persons with AIDS	498,472
	U.S. DEPARTMENT OF LABOR	
17.005	Compensation and Working Conditions	6,551
17.504	Consultation Agreements	2,985
	Total U.S. DEPARTMENT OF LABOR	9,536
	ENVIRONMENTAL PROTECTION AGENCY	
66.032	State Indoor Radon Grants	48,899
66.432	State Public Water System Supervision	1,031,673
66.468	Capitalization Grants for Drinking Water State Revolving Funds	4,832,223
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	192,638
66.474	Water Protection Grants to the States	43,440
	Total ENVIRONMENTAL PROTECTION AGENCY	6,148,873
	U.S. DEPARTMENT OF EDUCATION	
84.181	Special Education-Grants for Infants and Families with Disabilities	4,903,398
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.003	Public Health and Social Services Emergency Fund	5,871,675
93.110	Maternal and Child Health Federal Consolidated Programs	290,133
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	927,892
93.127	Emergency Medical Services for Children	115,629
93.130	Primary Care Services Resource Coordination and Development	155,576
93.136	Injury Prevention and Control Research and State and Community Based Programs	564,366
93.161	Health Program for Toxic Substances and Disease Registry	17,348
93.217	Family Planning-Services	5,109,579
93.235	Abstinence Education Program	830,987
93.241	State Rural Hospital Flexibility Program	329,030
93.251	Universal Newborn Hearing Screening	204,242
93.259	Rural Access to Emergency Devices Grant	276,593
93.268	Immunization Grants	5,731,379
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	17,954,283
93.301	Small Rural Hospital Improvement Grant Program	333,901

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.576	Refugee and Entrant Assistance-Discretionary Grants	51,304
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	1,167,471
93.777	State Survey and Certification of Health Care Providers and Suppliers	2,009,490
93.913	Grants to States for Operation of Offices of Rural Health	19,930
93.917	HIV Care Formula Grants	11,548,669
93.923	Disadvantaged Health Professions Faculty Loan Repayment (FLRP) and Minority Faculty Fellowship Program (MFFP)	176,670
93.940	HIV Prevention Activities-Health Department Based	34,448-
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	1,854,302
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	447,048
93.945	Assistance Programs for Chronic Disease Prevention and Control	308,481
93.952	Trauma Care Systems Planning and Development	87,609
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	2,079,500
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	335,037
93.991	Preventive Health and Health Services Block Grant	1,983,203
93.994	Maternal and Child Health Services Block Grant to the States	11,001,690
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		71,748,569
TOTAL Health		149,271,133
<u>Human Services</u>		
U.S. DEPARTMENT OF AGRICULTURE		
10.551	Food Stamps	388,877,658
10.561	State Administrative Matching Grants for Food Stamp Program	26,322,483
10.568	Emergency Food Assistance Program (Administrative Costs)	742,355
10.569	Emergency Food Assistance Program (Food Commodities)	3,964,535
Total U.S. DEPARTMENT OF AGRICULTURE		419,907,031
U.S. DEPARTMENT OF LABOR		
17.235	Senior Community Service Employment Program	887,931
U.S. DEPARTMENT OF ENERGY		
81.042	Weatherization Assistance for Low-Income Persons	1,817,248
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	42,509
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	189,972
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	226,639
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	4,055,800
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	5,295,683
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	145,693
93.052	National Family Caregiver Support	1,244,727
93.053	Nutrition Services Incentive Program	1,637,285
93.556	Promoting Safe and Stable Families	4,274,270
93.558	Temporary Assistance for Needy Families	88,269,604
93.563	Child Support Enforcement	12,007,859
93.566	Refugee and Entrant Assistance-State Administered Programs	1,174,249
93.568	Low-Income Home Energy Assistance	13,055,624
93.569	Community Services Block Grant	11,062,443
93.570	Community Services Block Grant-Discretionary Awards	7-
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	48,762
93.575	Child Care and Development Block Grant	25,426,452
93.576	Refugee and Entrant Assistance-Discretionary Grants	26,420
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	23,218,018
93.597	Grants to States for Access and Visitation Programs	82,995
93.599	Chafee Education and Training Vouchers Program (ETV)	10,722
93.603	Adoption Incentive Payments	37,304
93.643	Children's Justice Grants to States	171,460
93.645	Child Welfare Services-State Grants	4,024,288
93.658	Foster Care-Title IV-E	8,026,612
93.659	Adoption Assistance	4,071,441
93.667	Social Services Block Grant	20,584,432
93.669	Child Abuse and Neglect State Grants	311,538
93.674	Chafee Foster Care Independence Program	606,456
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	460,327
	Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	229,789,577
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	
94.016	Senior Companion Program	149,923

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
TOTAL Human Services		652,551,710
<u>Library Commission</u>		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.310	State Library Program	2,066,765
TOTAL Library Commission		2,066,765
<u>Marine Resources</u>		
U.S. DEPARTMENT OF COMMERCE		
11.407	Interjurisdictional Fisheries Act of 1986	93,069
11.419	Coastal Zone Management Administration Awards	1,329,016
11.420	Coastal Zone Management Estuarine Research Reserves	496,837
11.433	Marine Fisheries Initiative	500,000
11.434	Cooperative Fishery Statistics	80,654
11.452	Unallied Industry Projects	19,200
11.463	Habitat Conservation	335,084
11.545	Shellfish Restoration	569,996
Total U.S. DEPARTMENT OF COMMERCE		3,423,856
U.S. DEPARTMENT OF THE INTERIOR		
15.605	Sport Fish Restoration	742,799
15.616	Clean Vessel Act	23,086
15.622	Sportfishing and Boating Safety Act	86,899
Total U.S. DEPARTMENT OF THE INTERIOR		852,784
ENVIRONMENTAL PROTECTION AGENCY		
66.461	Regional Wetland Program Development Grants	127,714
66.606	Surveys, Studies, Investigations and Special Purpose Grants	28,653
Total ENVIRONMENTAL PROTECTION AGENCY		156,367
TOTAL Marine Resources		4,433,007
<u>Medicaid</u>		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.256	State Planning Grants Health Care Access for the Uninsured	312,685
93.767	State Children's Insurance Program	107,200,946
93.769	Demonstration to Maintain Independence and Employment	155,851
93.777	State Survey and Certification of Health Care Providers and Suppliers	1,948,529
93.778	Medical Assistance Program	2,700,185,535

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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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	2,782
	Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	2,809,806,328
	TOTAL Medicaid	2,809,806,328
	<u>Mental Health</u>	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.051	Alzheimer's Disease Demonstration Grants to States	197,917
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,002,205
93.150	Projects for Assistance in Transition from Homelessness (PATH)	284,226
93.230	Consolidated Knowledge Development and Application (KD&A) Program	2,587,617
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	33,001
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	86,474
93.630	Developmental Disabilities Basic Support and Advocacy Grants	886,479
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	503,115
93.958	Block Grants for Community Mental Health Services	3,903,300
93.959	Block Grants for Prevention and Treatment of Substance Abuse	14,583,806
	Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	24,068,140
	TOTAL Mental Health	24,068,140
	<u>Military Department</u>	
	U.S. DEPARTMENT OF DEFENSE	
12.400	Military Construction, National Guard	573,769
12.401	National Guard Military Operations and Maintenance (O&M) Projects	50,870,010
12.402	National Guard Special Military Operations and Projects	5,308,308
12.404	National Guard Civilian Youth Opportunities	3,235,647
12.405	National Guard Drug Interdiction and Counter Drug Activities	274,900
	Total U.S. DEPARTMENT OF DEFENSE	60,262,634
	TOTAL Military Department	60,262,634
	<u>MS Development Authority</u>	
	U.S. DEPARTMENT OF DEFENSE	
12.002	Procurement Technical Assistance For Business Firms	148,221

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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, 2005

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.228	Community Development Block Grants/State's Program	35,156,525
14.231	Emergency Shelter Grants Program	1,200,343
14.239	HOME Investment Partnerships Program	12,153,584
	Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	48,510,452
U.S. DEPARTMENT OF LABOR		
17.250	Job Training Partnership Act	18,319
17.258	WIA Adult Program	14,572,823
17.259	WIA Youth Activities	11,875,339
17.260	WIA Dislocated Workers	16,937,744
17.266	Work Incentives Grant	319,548
	Total U.S. DEPARTMENT OF LABOR	43,723,773
APPALACHIAN REGIONAL COMMISSION		
23.002	Appalachian Area Development	591,127
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects	138,686
	Total APPALACHIAN REGIONAL COMMISSION	729,813
U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	586,907
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	50,572
81.119	State Energy Program Special Projects	135,137
	Total U.S. DEPARTMENT OF ENERGY	772,616
U.S. DEPARTMENT OF EDUCATION		
84.346	Vocational Education-Occupational and Employment Information State Grants	136,305
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.585	Empowerment Zones Program	5,191,374
	TOTAL MS Development Authority	99,212,554
<u>Narcotics</u>		
OFFICE OF NATIONAL DRUG CONTROL POLICY		
07.UN	High Intensity Drug Trafficking Area	565,483

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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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
U.S. DEPARTMENT OF JUSTICE		
16.UN	Domestic Cannabis Eradication/Suppression Program	156,160
16.UN1	COPS Methamphetamine Grant	258,700
	Total U.S. DEPARTMENT OF JUSTICE	414,860
	TOTAL Narcotics	980,343
<u>Oil and Gas Board</u>		
ENVIRONMENTAL PROTECTION AGENCY		
66.433	State Underground Water Source Protection	107,250
	TOTAL Oil and Gas Board	107,250
<u>Pharmacy Board</u>		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.466	Developing and Enhancing Prescription Drug Monitoring Programs Funding	63,231
	TOTAL Pharmacy Board	63,231
<u>Public Safety</u>		
OFFICE OF NATIONAL DRUG CONTROL POLICY		
07.UN	High Intensity Drug Trafficking Area	154,952
U.S. DEPARTMENT OF JUSTICE		
16.523	Juvenile Accountability Incentive Block Grants	1,716,629
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	322,106
16.548	Title V-Delinquency Prevention Program	119,440
16.554	National Criminal History Improvement Program (NCHIP)	361,152
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	72,651
16.564	Crime Laboratory Improvement -Combined Offender DNA Index System Backlog Reduction	512,893
16.575	Crime Victim Assistance	3,345,192
16.579	Byrne Formula Grant Program	4,655,327
16.588	Violence Against Women Formula Grants	1,345,634
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	316,227
16.592	Local Law Enforcement Block Grants Program	149,677
16.593	Residential Substance Abuse Treatment for State Prisoners	,727,709
16.609	Community Prosecution and Project Safe Neighborhoods	199,805

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
16.710	Public Safety Partnership and Community Policing Grants	149,438
16.727	Enforcing Underage Drinking Laws Program	401,047
	Total U.S. DEPARTMENT OF JUSTICE	14,394,927
	U.S. DEPARTMENT OF TRANSPORTATION	
20.217	Motor Carrier Safety	485,029
20.218	National Motor Carrier Safety	9,414
20.600	State and Community Highway Safety	4,827,103
20 UN	Fatal Analysis Reporting System	63,461
	Total U.S. DEPARTMENT OF TRANSPORTATION	5,385,007
	U.S. DEPARTMENT OF EDUCATION	
84.186	Safe and Drug-Free Schools and Communities-State Grants	1,026,056
	DEPARTMENT OF HOMELAND SECURITY	
97.004	State Domestic Preparedness Equipment Support Program	6,338,883
	TOTAL Public Safety	27,299,825
	<u>Public Service Commission</u>	
	U.S. DEPARTMENT OF TRANSPORTATION	
20.218	National Motor Carrier Safety	1,319,454
20.700	Pipeline Safety	256,445
	Total U.S. DEPARTMENT OF TRANSPORTATION	1,575,899
	TOTAL Public Service Commission	1,575,899
	<u>Rehabilitation Services</u>	
	U.S. DEPARTMENT OF EDUCATION	
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	37,851,622
84.169	Independent Living-State Grants	457,948
84.177	Rehabilitation Services-Independent Living Services for Older Individuals Who are Blind	284,555
84.187	Supported Employment Services for Individuals with Severe Disabilities	244,217
84.224	Assistive Technology	211,286
84.265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	169,112
	Total U.S. DEPARTMENT OF EDUCATION	39,218,740
	SOCIAL SECURITY ADMINISTRATION	
96.001	Social Security-Disability Insurance	22,827,322

(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, 2005

CFDA Number	<u>State Agency/Federal Department/Program Name</u>	Federal Expenditures Distributions/ Issuances
96.008	Social Security-Benefits Planning, Assistance, and Outreach Program	657,795
	Total SOCIAL SECURITY ADMINISTRATION	23,485,117
	TOTAL Rehabilitation Services	62,703,857
	<u>Secretary of State</u>	
	GENERAL SERVICES ADMINISTRATION	
39.011	Election Reform Payments	2,609,994
	TOTAL Secretary of State	2,609,994
	<u>Soil & Water Conservation Commission</u>	
	U.S. DEPARTMENT OF AGRICULTURE	
10.902	Soil and Water Conservation	2,244,236
	TOTAL Soil & Water Conservation Commission	2,244,236
	<u>State Fire Academy</u>	
	DEPARTMENT OF HOMELAND SECURITY	
97.038	First Responder Counter-Terrorism Training Assistance	6,888
97.043	State Fire Training Systems Grants	11,036
	Total DEPARTMENT OF HOMELAND SECURITY	17,924
	TOTAL State Fire Academy	17,924
	<u>Supreme Court</u>	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
93.586	State Court Improvement Program	252,711
	TOTAL Supreme Court	252,711
	<u>Tax Commission</u>	
	U.S. DEPARTMENT OF JUSTICE	
16.607	Bulletproof Vest Partnership Program	8,385
	U.S. DEPARTMENT OF TRANSPORTATION	
20.205	Highway Planning and Construction	144,764

(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, 2005

CFDA Number	State Agency/Federal Department/Program Name	Federal Expenditures Distributions/ Issuances
TOTAL Tax Commission		153,149
<u>Transportation</u>		
U.S. DEPARTMENT OF TRANSPORTATION		
20.106	Airport Improvement Program	15,750
20.205	Highway Planning and Construction	403,063,518
20.500	Federal Transit-Capital Investment Grants	833,080
20.505	Federal Transit-Metropolitan Planning Grants	158,770
20.509	Formula Grants for Other Than Urbanized Areas	4,413,094
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,825,654
20.600	State and Community Highway Safety	11,212
Total U.S. DEPARTMENT OF TRANSPORTATION		410,321,078
TOTAL Transportation		410,321,078
<u>Treasury</u>		
U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	552
81.UN1	Petroleum Violation Escrow - Stripper Well	983,921
81.UN2	Petroleum Violation Escrow - Citronelle/Exxon	74,252
Total U.S. DEPARTMENT OF ENERGY		1,058,725
TOTAL Treasury		1,058,725
<u>Veterans Affairs Board</u>		
U.S. DEPARTMENT OF VETERANS AFFAIRS		
64.124	All-Volunteer Force Educational Assistance	80,501
TOTAL Veterans Affairs Board		80,501
<u>Wildlife, Fisheries and Parks</u>		
U.S. DEPARTMENT OF DEFENSE		
12.UN2	Wildlife Mitigation Projects (Passed-through from the U.S. Army Corps of Engineers. Identifying number assigned by the pass-through entity-DACW01-3-91-500. DAWC01-3-91-543. DACW01-3-92-410. DACW01-3-91-411. DACW38-91-H-007 and DACW38-91-H-001.)	1,679,020
U.S. DEPARTMENT OF THE INTERIOR		

(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, 2005

<u>CFDA Number</u>	<u>State Agency/Federal Department/Program Name</u>	<u>Federal Expenditures Distributions/ Issuances</u>
15.605	Sport Fish Restoration	6,803,072
15.611	Wildlife Restoration	644,982
15.612	Rare and Endangered Species Conservation	159,132
15.916	Outdoor Recreation-Acquisition, Development and Planning	1,092,535
	Total U.S. DEPARTMENT OF THE INTERIOR	8,699,721
	U.S. DEPARTMENT OF TRANSPORTATION	
20.219	Recreational Trails Program	454,391
	DEPARTMENT OF HOMELAND SECURITY	
97.012	Boating Safety Financial Assistance	421,021
	TOTAL Wildlife, Fisheries and Parks	11,254,153
	TOTAL EXPENDITURES OF FEDERAL AWARDS:	\$ 5,191,761,774

EXPLANATION OF FOOTNOTE REFERENCE:

Program Number with UN denotes unknown CFDA numbers.

The total expenditures for CFDA No. 17.225 include state expenditures of \$135,250,291 and federal expenditures of \$32,656,680. Federal expenditures consist of both cash and noncash benefits.

@ Denotes federal programs with noncash benefits.

(concluded)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**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, 2005**

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.
 - 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, 2005, federal expenditures, distributions or issuances totaled \$5,191,761,774. This established the threshold for Type A programs as those whose federal expenditures, distributions or issuances exceed \$15,575,285. For the fiscal year 2005 audit, ten Type A programs were identified as low risk. Risk assessments of Type B programs were performed until ten high risk Type B programs were identified. Twenty-three federal award programs, comprising 13 high risk Type A programs and ten high risk Type B programs, were audited as major programs for the State of Mississippi.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

- *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 by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2005. 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 27, 2005. Expenditures of federal awards provided to the state's public universities and related entities were 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 May 31, 2006.
- C. Basis of Accounting - Federal programs included in the accompanying schedules are accounted for in the state's governmental and proprietary funds. Governmental funds are accounted for by using the current financial resources measurement focus and the modified accrual basis of accounting and proprietary funds by using the economic resources measurement focus and 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, 2005, 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.

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 state issues food stamp benefits in electronic form, and benefits are recognized as expenditures when recipients use the benefits.

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (continued)

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 \$570,394. 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, 2005, as charges for sales and services of \$538,000. The amount was based upon handling and shipping costs at the date of transfer to the state.
- C. Expenditures reflected in the CFDA 14.228 - Community Development Block Grants/State's Program include disbursements made for new loans totaling \$1,156,000. 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, 2005, the outstanding loan balance for the program totaled \$10,776,439.
- 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	\$ 135,250,291
Federal Portion	<u>32,656,680</u>
Total	\$ <u>167,906,971</u>

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

- 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, 2005, was \$244,558,717. Total disbursements for new loans for the year ended June 30, 2005, totaled \$43,320,388. Administrative costs associated with the program for the year ended June 30, 2005, totaled \$1,320,245.
- F. Expenditures reflected in CFDA 66.468 - Capitalization Grants for Drinking Water State Revolving Funds - 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, 2005, was \$69,279,838. Total disbursements for new loans made during fiscal year 2005 totaled \$9,039,893. Administrative costs associated with the program for the year ended June 30, 2005, totaled \$712,405.
- G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$20,882,202 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 except for CFDA 17.225, which is identified with an # to the right of the CFDA number. A listing of these programs follows:

CFDA Number	Program Name
10.550	Food Donation
10.551	Food Stamps
10.569	Emergency Food Assistance Program (Food Commodities)
17.225	Unemployment Insurance
39.003	Donation of Federal Surplus Personal Property
93.268	Immunization Grants
93.994	Maternal and Child Health Services Block Grant to the States

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

- *CFDA 17.225 - Unemployment Insurance received \$32,656,680 in federal funding, including cash assistance and noncash assistance. Cash assistance totaled \$32,656,530 and noncash assistance totaled \$150.*
- *CFDA 93.268 — Immunization Grants received \$5,731,379, including cash assistance and noncash assistance. Cash assistance totaled \$2,481,498 and noncash assistance totaled \$3,249,881.*
- *CFDA 93.994 - Maternal and Child Health Services Block Grant to the States received \$11,001,690, including cash assistance and noncash assistance. Cash assistance totaled \$10,991,136 and noncash assistance totaled \$10,554.*

I. The State of Mississippi's major federal programs for the year ended June 30, 2005, 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
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
14.228	Community Development Block Grants/State's Program
14.239	HOME Investment Partnerships Program
16.579	Bryne Formula Grant Program
17.225	Unemployment Insurance
	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
20.509	Formula Grants for Other Than Urbanized Areas
	Highway Safety Cluster:
20.600	State and Community Highway Safety
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
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

STATE OF MISSISSIPPI

Notes to the Schedules of Expenditures of Federal Awards (concluded)

93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
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
93.994	Maternal and Child Health Services Block Grant to the States
	Homeland Security Cluster:
97.004	State Domestic Preparedness Equipment Support Program

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



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
10.558	Child and Adult Care Food Program
10.560	State Administrative Expenses for Child Nutrition
14.228	Community Development Block Grants / State's Program
14.239	HOME Investment Partnerships Program
16.579	Byrne Formula Grant Program
17.225	Unemployment Insurance
	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
20.509	Formula Grants for Other Than Urbanized Areas
	Highway Safety Cluster:
20.600	State and Community Highway Safety
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
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
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.658	Foster Care – Title IV-E
93.767	State Children's Insurance Program

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

<u>CFDA Number</u>	<u>Program Name</u>
	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
93.994	Maternal and Child Health Services Block Grant to the States
	Homeland Security Cluster:
97.004	State Domestic Preparedness Equipment Support Program

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

\$15,575,285

Auditee qualified as low-risk auditee?

X 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, 2005**

PART 2 - FINANCIAL STATEMENT FINDINGS

Introduction

This part of the Schedule of Findings and Questioned Costs presents findings classified as reportable conditions and instances of noncompliance or other matters that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

No findings were noted.

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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, 2005

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:

- **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.
- **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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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.
- **Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgement have a direct and material effect on a major federal program.
- **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.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

CFDA/Finding
Number

Finding and Recommendation

EDUCATION

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

10.560

State Administrative Expenses for Child Nutrition

Federal Award Number and Year: FSL03-SAE, 2003
FSL04-SAE, 2004

05-18

Controls over Allowable Costs Should Be Strengthened

Finding:

The Mississippi Department of Education – Office of Child Nutrition is responsible for administering the State Administrative Expenses for Child Nutrition (SAE) program. During testwork on the Allowable Costs/Cost Principles requirement, we noted the amounts budgeted in the Statewide Automated Accounting System (SAAS) exceeded the 2003 grant award by \$534,106 and the 2004 grant award by \$514,170. Good internal controls require agency personnel to ensure the approved grant award is properly input into SAAS. Lack of adequate controls to ensure the grant award budget is accurately recorded in SAAS resulted in costs of \$59,219 in excess of the authorized 2003 grant award and \$37,171 in excess of the authorized 2004 grant award being coded to the federal program at the close of June 30, 2005. However, these funds have not been drawn from the grantor.

Recommendation:

We recommend the Mississippi Department of Education - Office of Child Nutrition develop policies and procedures to ensure the grant award amounts are accurately input into the Statewide Automated Accounting System. Supporting documentation from the federal grantor should be maintained and any changes in the award should be documented and recorded promptly. We further recommend that the agency not seek federal reimbursement for expenditures incurred in excess of the authorized grant award.

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

EDUCATION

SUBRECIPIENT MONITORING

Reportable Condition

10.558

Child and Adult Care Food Program

Federal Award Number and Year: CN03-1099, 2003

05-23

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Finding:

The 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 performed in accordance with OMB Circular A-133 from each subrecipient expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in federal awards during the subrecipient's fiscal year. The audits are to be submitted 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.

The Mississippi Department of Education – Office of Child Nutrition provided \$300,000 or more of federal financial assistance to thirteen subrecipients during fiscal year 2003. Testwork performed during the fiscal year 2005 audit on subrecipient audits received and reviewed by the agency for subrecipient audit year 2003 for the Child and Adult Care Food program revealed the following:

- Five of the eight subrecipients tested, or 62 percent, revealed an audit performed in accordance with OMB Circular A-133 was not received from the subrecipient.
- Two of the eight subrecipients tested, or 25 percent, in which the agency did not document an attempt to obtain audits that were not submitted within the nine-month deadline.
- The Audit Resolution Log used to track the A-133 audits was incomplete (i.e., not all of the audit receipt dates, closure letter dates, etc. were recorded).

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

Without adequate controls over the submission of audit reports and prompt follow-up of audit findings, the agency could fail to comply with the federal requirements. In addition, federal noncompliance by subrecipients could occur and not be detected timely.

Recommendation:

We recommend the Mississippi Department of Education – Office of Child Nutrition strengthen controls over subrecipient monitoring by ensuring the agency’s Audit Resolution Log is properly completed and to ensure all audit reports are obtained in compliance with federal regulations. We recommend the Mississippi Department of Education – Office of Child Nutrition strengthen controls over subrecipient monitoring by ensuring the agency’s Audit Resolution Log is properly completed and to ensure all audit reports are obtained in compliance with federal regulations.

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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

PROGRAM INCOME

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

05-08

Controls over Program Income Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR 92.503 and 92.504) designates that program income generated from the use of HOME Investment Partnerships Program (HOME) funds must be used for additional eligible activities of the program. Also, before disbursing HOME funds to a subrecipient, the Mississippi Development Authority (MDA) must enter into a written agreement with that subrecipient. The agreement must document if program income is to be remitted to MDA or to be retained by the subrecipient. Further guidance from the U.S. Department of Housing and Urban Development documents that program income must be monitored to ensure compliance with HOME regulations.

A review of subrecipient applications for awards and contracts revealed instances in which an agreement existed between the subrecipient and its project developer allowing loans to be issued using HOME funds. These agreements also stipulated repayment to the subrecipient of the loans within a certain period of time. Per 24 CFR 92.2, "Program Income includes...payment of principal and interest on loans made using HOME funds (including HOME program income) or matching contributions;" thus, the repayment of funds would be considered program income. However, procedures performed to determine if MDA had policies and procedures in place to ensure program income generated from the use of HOME funds was being managed in accordance with federal regulations revealed that MDA had no policies, procedures, or a tracking mechanism in place to ensure compliance with program income requirements. Specifically, the agency had no procedures or mechanism in place to track which projects are generating program income and when this program income should be remitted to MDA. Also, for subrecipients who may be allowed to retain program income after project completion, there was no tracking mechanism in place to ensure these subrecipients are monitored. Finally, there was no clause in MDA's contracts with subrecipients indicating whether or not the subrecipient may retain program income after the project is closed or whether the program income must be remitted to MDA.

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 (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Good internal controls dictate written policies and procedures are in place to ensure compliance with program income requirements. Failure to have written policies and procedures and a tracking mechanism for program income could result in the agency being unaware of program income generated and ultimately could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being detected in a timely manner.

Recommendation:

We recommend the Mississippi Development Authority strengthen controls over program income for the HOME Investment Partnerships Program (HOME) by implementing policies and procedures for program income generated from the use of HOME funds. We further recommend a mechanism to track program income be implemented to ensure subrecipients generating program income are identified and monitored for compliance with federal regulations.

MISSISSIPPI DEVELOPMENT AUTHORITY

REAL PROPERTY ACQUISITION/RELOCATION ASSISTANCE

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

05-09

Controls over Real Property Acquisition/Relocation Assistance Requirements Should Be Strengthened

Finding:

During testwork performed at the Mississippi Development Authority on the HOME Investment Partnerships Program subgrant projects, we noted monitoring procedures were not performed to ensure compliance with the real property acquisition and relocation assistance compliance requirements for projects in which land was acquired in conjunction with the federally assisted project.

According to the *Code of Federal Regulations* (24 CFR 42.1), Housing and Urban Development (HUD) assisted programs and projects are subject to the Uniform Relocation Assistance and Relocation Act (URA) of 1970. The URA provides for the uniform and equitable treatment of persons displaced by federally-assisted programs from their homes, businesses or farms so that such persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole.

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 (continued)

**CFDA/Finding
 Number**

Finding and Recommendation

Good internal controls require the agency to have adequate procedures in place to ensure compliance with federal regulations. Failure to ensure subrecipients are properly monitored for compliance with real property acquisition and relocation assistance requirements could result in noncompliance with federal regulations.

Recommendation:

We recommend the Mississippi Development Authority strengthen control procedures to ensure the real property acquisition and relocation assistance requirements for the HOME Investment Partnerships Program are met in accordance with federal regulations.

MISSISSIPPI DEVELOPMENT AUTHORITY

REPORTING

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

05-10

Controls over Reporting Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR 91.520) requires the Mississippi Development Authority to prepare and submit a performance report for the HOME Investment Partnerships Program to the U.S. Department of Housing and Urban Development (HUD). Testwork performed on the 2004-2005 HOME Annual Performance Report (form HUD-40107) revealed the following:

- The \$31,980,774 amount reported as total programs funded was overstated by \$18,000,000.
- The \$8,417,060 amount reported as allocated for Homeowner Rehabilitation was understated by \$1,983,714.
- The \$1,362,131 expenditure amount reported for contracts -male should have been reported as \$1,368,381. Also, the \$620,475 expenditure amount reported for contracts-black should have been reported as \$649,850.

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 (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Contract and Subcontract Activity Reports (which are submitted by the subrecipients and compiled to obtain figures for the report) did not contain a signature by a subrecipient official certifying the information submitted by the subrecipient was true and correct.

Good internal controls require that reports receive adequate supervisory review to ensure accuracy, compliance with report requirements, and completeness of the report. Also, good internal controls dictate the Mississippi Development Authority require the signature of a subrecipient official to ensure information submitted is accurate. Lack of adequate supervisory review of the HOME Annual Performance Report and no certification of the accuracy of the Contract and Subcontract Activity Reports could result in the submission of incorrect figures to the federal granting agency.

Recommendation:

We recommend the Mississippi Development Authority strengthen controls by exercising greater care when reports are reviewed by supervisory personnel to ensure propriety prior to submission to the federal granting agency. A certification as to the accuracy of the figures reported on the Contract and Subcontract Activity Reports should be obtained from the subrecipients submitting these reports. We further recommend the agency submit a revised report to the U.S. Department of Housing and Urban Development.

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 (continued)

CFDA/Finding
Number

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

14.228

Community Development Block Grant/State's Program

Federal Award Number and Year: Various

05-25

Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR 570.492) requires the Mississippi Development Authority (MDA) to conduct reviews and audits including on-site reviews for its State recipients as may be necessary or appropriate to determine program compliance for the Community Development Block Grants/State's Program (CDBG). The MDA has developed monitoring procedures which require an on-site visit to take place at least twice during the life of the project to ensure compliance with all applicable federal regulations. MDA has a tracking mechanism in place to ensure all projects are properly identified and monitored. Checklists are used during the on-site monitoring review to provide guidance and to document a review was performed.

Subrecipient on-site monitoring testwork performed on 15 projects which closed during fiscal year 2005 (as of the date of field work) revealed the following weaknesses:

- Four instances, or 27 percent, in which the "Compliance Review" form, which documents supervisory review and approval of the monitoring visit and forms prepared by MDA monitors, did not have all the required supervisory approvals documented. However, a monitoring letter had been sent to the subrecipient including the monitoring report.
- Five instances, or 33 percent, in which several pertinent questions on the monitoring checklist were not answered. Even though these questions were not answered on the checklist, the supervisor responsible for reviewing the checklist signed off on the "Compliance Review" form indicating review and approval.
- The *Code of Federal Regulations* (24 CFR 570.603) requires the CDBG program to comply with labor standards in accordance with the Davis Bacon Act. For one instance, it was noted the "Labor Standard Monitoring" checklist was not completed.

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 (continued)

CFDA/Finding
Number

Finding and Recommendation

- The *Code of Federal Regulations* (24 CFR 42.1) requires that Housing and Urban Development assisted programs and projects are subject to the Uniform Relocation Assistance and Relocation Act (URA) of 1970. For two instances, it was noted the “Acquisition Monitoring” checklist was not completed.
- Also, audit procedures performed to ensure the tracking mechanism was functioning correctly revealed that 15 out of 60 subrecipients selected for allowable cost testwork were not included on the “Monthly Grants Management Report”. The “Monthly Grants Management Report” is the tracking document used by MDA to ensure all State recipients receive an on-site monitoring review and to document the date the review was completed.

Good internal controls dictate a supervisory review be performed on monitoring workpapers to ensure completeness and propriety. Good internal controls also dictate supervisory personnel ensure the monitoring tracking document is proper to ensure the required inspections are performed by agency personnel. Failure to ensure the propriety of the monitoring inspection tracking document could result in nonperformance of the required inspections. Without effective supervisory review procedures, potential subrecipient noncompliance could occur and not be detected.

Recommendation:

We recommend the Mississippi Development Authority strengthen its existing internal controls for subrecipient on-site monitoring. Greater care should be taken during the supervisory review process to ensure the completeness of monitoring files. We further recommend the agency ensure the on-site monitoring tracking document is properly prepared to ensure all subrecipients are identified and monitored for compliance with federal regulations.

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 (continued)

CFDA/Finding
Number

Finding and Recommendation

MISSISSIPPI DEVELOPMENT AUTHORITY

SUBRECIPIENT MONITORING

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

05-11

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Finding:

The 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 performed in accordance with OMB Circular A-133 from each subrecipient expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in federal awards in a fiscal year. The audit reports are to be submitted to the primary recipient within nine months after the end of the subrecipient's fiscal year. In addition, the primary recipient must issue a management decision on audit findings within six months after receipt of the audit report and ensure the subrecipient took appropriate and timely corrective action.

Testwork performed at the Mississippi Development Authority during fiscal year 2005 on subrecipient audits received and reviewed by the agency for subrecipient audit year 2003 for the HOME Investment Partnerships (HOME) Program revealed the following:

- One instance out of the 15 audits required to be submitted in which the agency did not obtain an audit performed in accordance with OMB Circular A-133 from a subrecipient for the audit period ending 9/30/03. Per review of the agency's "Audits Tracking System," agency personnel indicated the subrecipient did not meet dollar threshold requirements. However, based on further review, the subrecipient expenditures exceeded \$300,000 during its fiscal year 2003 and an audit should have been obtained.
- Four instances were noted in which subrecipient fiscal year 2003 expenditures were not correctly calculated on the "Audit Tracking System". Even though subrecipient expenditures had been understated, the agency did obtain an audit performed in accordance with OMB Circular A-133 from the subrecipients.

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 (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Good internal controls require that all work performed receive adequate supervisory review to ensure any errors or omissions are properly detected. Without adequate controls over the proper submission of audit reports, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected promptly.

Recommendation:

We recommend the Mississippi Development Authority strengthen controls over subrecipient monitoring by ensuring the agency's "Audit Tracking System" is properly calculating subrecipient expenditures to ensure all audit reports are properly obtained.

MISSISSIPPI DEVELOPMENT AUTHORITY

SPECIAL TESTS AND PROVISIONS

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: Various

05-12

Controls over Period of Affordability Inspections Should Be Strengthened

Finding:

The *Code of Federal Regulations* (24 CFR 92.504) requires the participating jurisdiction to perform on-site inspections during the period of affordability. The period of affordability is the period for which the non-federal entity must maintain rental housing assisted with HOME Investment Partnerships Program funds. The purpose of these inspections is to ensure compliance with housing quality standards per the *Code of Federal Regulations* (24 CFR 92.251 and 92.252).

Testwork performed at the Mississippi Development Authority to ensure these on-site inspections were completed revealed the following problems:

- Two of the 41 on-site period of affordability inspections required to be performed during fiscal year 2005 had not been performed. Also, two of the on-site inspections were not performed timely (one inspection was performed 11 months after the inspection due date and one was performed four months after the inspection due date).

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 (continued)

**CFDA/Finding
Number**

Finding and Recommendation

- Two closed projects which should have been included on the agency's period of affordability inspection tracking document were not included. Furthermore, 36 instances occurred in which the tracking system did not project the correct "Next Inspection Due" date.

Good internal control procedures dictate supervisory personnel ensure the period of affordability inspection tracking document is proper and ensure the required inspections are performed by agency personnel. Failure to ensure the propriety of the period of affordability inspection tracking document could result in nonperformance of the required inspections, and failure to ensure the required inspections are performed could result in housing quality standards not being properly maintained.

Recommendation:

We recommend the Mississippi Development Authority strengthen control procedures to ensure the period of affordability inspection tracking document is proper and period of affordability inspections are conducted in compliance with federal regulations for the HOME Investment Partnerships Program.

MISSISSIPPI DEVELOPMENT AUTHORITY

SPECIAL TESTS AND PROVISIONS

Reportable Condition

14.239

HOME Investment Partnerships Program

Federal Award Number and Year: M03-SG280100, 2003

05-13

Controls over the Allocation of Program Funds Be Strengthened

Finding:

According to the *Code of Federal Regulations* [24 CFR 92.201(b)1], each State participating jurisdiction is responsible for distributing HOME Investment Partnerships Program (HOME) funds throughout the State according to the State's assessment of the geographical distribution of the housing needs within the State, as identified in the State's approved consolidated plan. The State must distribute HOME funds to rural areas in amounts that take into account the non-metropolitan share of the State's total population and objective measures of rural housing need, such as poverty and substandard housing, as set forth in the State's approved consolidated plan.

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 (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

The Mississippi Development Authority (MDA) accepts applications for HOME funds and distributes the funds statewide to eligible participants using a competitive process. Applications are rated and points are assigned to each rating criterion based on the data provided in the application and consistent with the needs identified in the consolidated plan.

Testwork was performed at MDA on its allocation of the 2003 HOME award for the Homeowner Rehabilitation category. The rating factors and maximum points for the 2003 Homeowner Rehabilitation category were as follows: Determination of Need - 50 points; Health and Safety Hazards - 35 points; Minority Business Enterprise - 50 points; Site Concentration - 15 points; and Timely Completion - 34 points for a maximum point total of 184. Upon completion of the rating process, the applicants are ranked from the highest score to the lowest score. HOME funds are awarded to the highest scoring applicant and then the next highest scoring applicant until all the available HOME funds have been awarded. Testwork revealed that two of the applications approved for funding had not met the established criteria used for funding. Based on review of supporting documentation, it appears these two applications were funded at the direction of the previous administration's upper level management. With two of the nine applications funded failing to meet agency criteria, it appears the agency's process was ineffective, resulting in noncompetitive practices in awarding funds for the Homeowner Rehabilitation category of the HOME program.

Failure by management to follow the pre-determined process for funding applications (as set forth in the Consolidated One-Year Action Plan) appears to undermine the competitive process of determining the best applications to fund.

Recommendation:

We recommend the Mississippi Development Authority review procedures for determining the funding for subrecipient applications under the HOME Investment Partnerships Program (HOME). These procedures should include carefully following the guidelines and requirements established by the agency in its consolidated plan to ensure competitive procedures are employed in funding of applications under the HOME program.

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

U. S. DEPARTMENT OF JUSTICE

**CFDA/Finding
Number**

Finding and Recommendation

PUBLIC SAFETY

**CASH MANAGEMENT
REPORTING**

Reportable Condition

16.579

Byrne Formula Grant Program

Federal Award Number and Year: 2001DBBX0028, 2001
2002DBBX0028, 2002
2003DBBX0030, 2003
2004DBBX0026, 2004

05-01

Controls over Federal Reimbursement and Reporting Should Be Strengthened

Finding:

Testwork performed at the Mississippi Department of Public Safety on the Byrne Formula Grant Program revealed the following:

- No supervisory review and verification of the accuracy of federal reimbursement requests submitted to the federal grantor agency was being performed.
- Thirteen out of 25 instances in which reporting worksheets prepared by the subgrantees were not submitted to the agency timely, ranging from one to 16 working days late.

Good internal controls dictate a supervisory review be performed on all federal reimbursement requests and supporting documentation to ensure accuracy and agreement. Also, per the agency's guidelines for subgrantees, reporting worksheets should be submitted for each calendar month by the fifth business day of the following month. Failure to perform a supervisory review of each request and supporting documentation could allow errors to occur without being promptly detected. Also, the untimely reporting and reimbursement of expenditures could hinder the agency's ability to manage the program effectively and to comply with federal laws.

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

U. S. DEPARTMENT OF JUSTICE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over federal reimbursement procedures and reporting for the Byrne Formula Grant Program by ensuring a supervisory review be performed and documented on all federal reimbursement requests and supporting documentation. We further recommend the agency ensure subgrantees submit reporting worksheets by the fifth business day of the following calendar month as required in the program's guidelines for subgrantees.

PUBLIC SAFETY

REPORTING

Reportable Condition

16.579

Byrne Formula Grant Program

Federal Award Number and Year: 2001DBBX0028, 2001
2002DBBX0028, 2002
2003DBBX0030, 2003
2004DBBX0026, 2004

05-03

Controls over Financial Status Reports Should Be Strengthened

Finding:

The Byrne Formula Grant Program at the Mississippi Department of Public Safety is required to submit a financial status report (SF-269) to the federal grantor agency on a quarterly basis as a condition of their grant award. During our review of the financial status reports, it was noted that supervisory reviews were not being performed on the SF-269 reports to ensure accuracy and completeness. Good internal controls require a supervisory review be performed on reports to the federal grantor agency to ensure accuracy and completeness. Failure to perform a supervisory review of financial status reports could allow errors to occur without being detected promptly.

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over the preparation of financial status reports for the Byrne Formula Grant Program by requiring supervisory reviews be performed on the reports to ensure accuracy and completeness. The performance of this review should be documented with the initials of the reviewer and the date of the review.

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

U. S. DEPARTMENT OF JUSTICE (continued)

**CFDA/Finding
Number**

Finding and Recommendation

PUBLIC SAFETY

SUBRECIPIENT MONITORING

Reportable Condition

16.579

Byrne Formula Grant Program

Federal Award Number and Year: 2001DBBX0028, 2001
2002DBBX0028, 2002

05-04

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Finding:

OMB Circular A-133 requires the primary recipient of federal funds to notify subrecipients of all audit requirements and 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 (\$500,000 for fiscal years ending after December 31, 2003). 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.

During testwork performed on the Byrne Formula Grant Program at the Mississippi Department of Public Safety for A-133 audits received by the agency for subrecipient audit year 2003, we noted the following:

- Two instances out of four tested, or 50 percent, in which the audit reports were not submitted to the agency within nine months after the subrecipient's fiscal year end.
- Four instances out of four tested, or 100 percent, in which audit reports were not reviewed by the agency within six months after receipt of audit reports.
- Three instances out of four tested, or 75 percent, in which there was no documentation of supervisory review of the checklist used to review the submitted audit reports. The fourth audit report had not been reviewed by agency personnel as of date of fieldwork.

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

U. S. DEPARTMENT OF JUSTICE (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

- One instance out of four tested, or 25 percent, in which the subrecipient's contract file did not contain the clauses pertaining to OMB Circular A-133 audit requirements.

In addition, we reviewed the agency's audit schedule and noted the schedule did not provide adequate information to track the activities of the subrecipients. The following deficiencies were noted:

- One subrecipient which received federal funds in federal fiscal year 2003 was not listed on the audit schedule.
- Second notices were not sent to the subrecipients that did not respond to the first audit compliance letter.
- The audit schedule did not indicate the dates when the audit compliance letters were mailed out, when the agency received the compliance letter attachment forms, when the agency received the audit reports from the subrecipients, or when the agency reviewed the reports and submitted the management's decision.

Without adequate controls over the notification of audit requirements, 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.

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over monitoring subrecipient audit requirements for the Byrne Formula Grant Program by implementing procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements and all subrecipient's contracts should contain a clause pertaining to the OMB Circular A-133 audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

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

PUBLIC SAFETY

**CASH MANAGEMENT
REPORTING**

Reportable Condition

20.600

State and Community Highway Safety

Federal Award Number and Year: Various 2005

05-02

Controls over Federal Reimbursement Procedures and Reporting Should Be Strengthened

Finding:

The Mississippi Department of Public Safety utilizes the Grants Tracking System (GTS) to report federal expenditures to the federal grantor agency for the State and Community Highway Safety Program. The Highway Safety Plan Cost Summary, which details the budgeted program costs, is submitted to the federal grantor agency on-line. The Federal Reimbursement Voucher is also submitted online and acts as the agency's means for requesting cash draw downs. During our review of these two reports, we noted the following:

- There was no supervisory review performed to ensure the accuracy of the Highway State Plan Cost Summary or the Federal Reimbursement Voucher.
- There was not adequate segregation of duties. One employee was responsible for entering and approving subgrant expenditures into the Statewide Automated Accounting System (SAAS) on-line for generation of the payment vouchers and for the posting and the submitting of all transactions into the GTS, including both the Highway Safety Plan Cost Summaries and the Federal Reimbursement Vouchers.

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

U. S. DEPARTMENT OF TRANSPORTATION (continued)

**CFDA/Finding
 Number**

Finding and Recommendation

According to the National Highway Traffic Safety Administration’s Grants Tracking System Web User Manual, “Each State should have some separation of duty so no one person has access to all functions of the GTS...The GTS responsibility to create new transactions should not be given to the same users who have the responsibility to post them...The GTS responsibility to create Highway Cost Summaries should not be given to the same users who have the responsibility to create Reimbursement Vouchers.” Good internal controls dictate a documented supervisory review be performed and duties be segregated to ensure that reports are complete and accurate. Failure to properly review the reports and properly segregate the duties to create, edit, post and approve transactions in the GTS could allow errors or fraud to occur without being promptly detected.

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over federal reimbursement procedures and reporting for the State and Community Highway Safety Program by ensuring reports are reviewed for accuracy by supervisory personnel. The performance of this review should be documented with the initials of the reviewer and the date of the review. We further recommend the agency ensure duties are properly segregated to ensure no one person has complete control over the initiation, approval, and reporting of a transaction within the Grants Tracking System.

PUBLIC SAFETY

MATCHING, LEVEL OF EFFORT, EARMARKING

Immaterial Noncompliance

20.600

State and Community Highway Safety

Federal Award Number and Year: Various 2004
 Questioned Costs: \$12,619

05-07

Agency Should Comply with Earmarking Requirements

Finding:

During testwork on the State and Community Highway Safety Program at the Mississippi Department of Public Safety, we noted the agency exceeded the ten percent planning and administration cost by \$12,619 due to a computer system error. *The Code of Federal Regulations* (23 CFR 1252.4) states, “Federal contribution for planning and administration activities shall not exceed 10 percent of the total funds the State receives under 23 U.S.C. 402.”

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

U. S. DEPARTMENT OF TRANSPORTATION (continued)

CFDA/Finding
Number

Finding and Recommendation

Failure to ensure that expenditures submitted to the federal grantor do not exceed earmarking requirements could result in noncompliance with federal regulations.

Recommendation:

We recommend the Mississippi Department of Public Safety ensure compliance with earmarking requirements for planning and administrative costs for the State and Community Highway Safety Program. We further recommend the agency contact the federal grantor agency to determine the necessary corrective action.

PUBLIC SAFETY

SUBRECIPIENT MONITORING

Reportable Condition

20.600

State and Community Highway Safety

Federal Award Number and Year: Various 2003

05-05

Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Finding:

OMB Circular A-133 requires the primary recipient of the federal funds to determine whether subrecipients have met the appropriate audit requirements. This includes ensuring receipt of an audit report from each subrecipient receiving \$300,000 or more (\$500,000 for fiscal years ending after December 31, 2003) 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.

During testwork performed on the State and Community Highway Safety Program at the Mississippi Department of Public Safety, we reviewed OMB A-133 audits received by the agency for subrecipient audit year 2003. For two subrecipients selected, there was no indication of the date the audit reports were received; therefore, we were unable to determine if the reports were submitted within nine months after the subrecipient's fiscal year end. Furthermore, we could not determine if the reports were reviewed within 6 months after the receipt of the audit reports. We also noted there was no supervisory review of the audit checklist used to review the submitted audit reports.

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

U. S. DEPARTMENT OF TRANSPORTATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

In addition, we reviewed the agency's audit schedule and noted the following deficiencies:

- One subrecipient that received more than \$300,000 in federal funds for fiscal year 2003 was not included on the audit schedule and a copy of their audit report was not on file at the agency.
- Second notices were not sent to the subrecipients that did not respond to the first audit compliance letter.

The audit schedule did not indicate the dates when the audit compliance letters were mailed out, when the agency received the compliance letter attachment forms, when the agency received the audit reports from the subrecipients, or when the agency reviewed the reports and submitted the management's decision.

Without adequate controls over the submission and review of audit reports, the agency could fail to comply with federal requirements. Also, federal noncompliance by subrecipients could occur and not be detected timely.

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over monitoring subrecipient audit requirements for the State and Community Highway Safety Program by implementing procedures to ensure audit reports are received and reviewed by agency personnel in a timely manner. Second notices should be sent to subrecipients who have not complied with audit requirements. Supervisory reviews of the checklist used to review the submitted audit reports should be performed and documented with the reviewer's initials and date of review. In addition, the audit schedule should include all subrecipients and appropriate dates to ensure adequate monitoring procedures have been performed.

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

U. S. DEPARTMENT OF TRANSPORTATION (continued)

**CFDA/Finding
Number**

Finding and Recommendation

PUBLIC SAFETY

SUBRECIPIENT MONITORING

Reportable Condition

20.600

State and Community Highway Safety

Federal Award Number and Year: Various 2005

05-06

Controls over Subrecipient Monitoring Should Be Strengthened

Finding:

Subrecipient monitoring testwork on the State and Community Highway Safety Program for the Mississippi Department of Public Safety revealed the following:

- There was no tracking system to schedule and assure timely on-site monitoring visits.
- Supervisory reviews of monitoring reports were not documented.
- The policies and procedures manual did not contain processes for corrective actions by subgrantees and follow-up reviews by the agency.

According to the Office of Highway Safety's Agreement of Understanding and Compliance, the Office of Highway Safety has a plan for evaluating all state and local projects which includes on-site monitoring both during and at the end of each grant period. Good internal control procedures dictate a tracking system be maintained which assures timely on-site monitoring visits and follow-up reviews be performed by agency personnel. Good internal controls also require a supervisory review of monitoring reports be performed to ensure reports are properly prepared and ensure all findings are properly resolved. Failure to maintain a proper system for monitoring subrecipients could allow noncompliance with federal requirements or mismanagement of federal funds to occur without being promptly detected.

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

U. S. DEPARTMENT OF TRANSPORTATION (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

Recommendation:

We recommend the Mississippi Department of Public Safety strengthen controls over subrecipient monitoring by implementing a tracking system to ensure all subrecipients of the State and Community Highway Safety Program are monitored for compliance with federal regulations in accordance with the agency's policies and procedures. Policies and procedures which address the subrecipients' corrective action and the agency's follow-up review processes should be established. We further recommend the agency ensure supervisory reviews of monitoring reports be documented with the reviewer's initials and date of 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

**CFDA/Finding
Number**

Finding and Recommendation

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Reportable Condition

84.027
84.173

Special Education – Grants to States
Special Education – Preschool Grants

Federal Award Number and Year: H027A030108, 2003
 H027A040108, 2004
 H173A030113, 2003
 H173A040113, 2004

05-19

Controls over Maintenance of Effort Requirement Should Be Developed

Finding:

The *Code of Federal Regulations* (34 CFR 300.15) and the Individuals with Disabilities Education Act (20 USC 1412 (a)(19)) for the Special Education – Grants to States and Special Education – Preschool Grants programs indicate the State may not, on either a total or per capita basis, reduce the amount of State financial support for special education and related services for children with disabilities below the amount of State financial support provided for the preceding fiscal year. If, for any fiscal year, a State fails to meet the State-level maintenance of effort requirement, the Secretary of the Department of Education will reduce the allocation of funds by the amount the State failed to meet the requirement. The Secretary may waive the requirement for one fiscal year at a time for exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State. For any fiscal year the State fails to meet the requirement, including any year for which a waiver is granted, the financial support required of the State must be the amount that would have been required in the absence of that failure and not the reduced level of the State's support.

Audit procedures performed at the Mississippi Department of Education (MDE) to ensure the maintenance of effort requirement was met for fiscal year 2004 revealed that while the agency met the maintenance of effort requirement, there were no controls in place to monitor the State's fiscal effort to ensure compliance with the maintenance of effort requirement. Also, as of the date of fieldwork, MDE did not have the supporting documentation available to verify the maintenance of effort was met for fiscal year 2005. Failure to have controls in place to ensure compliance with the maintenance of effort requirement could result in the reduction of federal funding for the program.

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 Education implement controls to monitor the State's fiscal effort for special education and related services to ensure compliance with the maintenance of effort requirement for the Special Education – Grants to States and Special Education – Preschool Grants programs. This review should be documented and the source documents maintained for audit purposes.

EDUCATION

MATCHING, LEVEL OF EFFORT, EARMARKING

Immaterial Noncompliance

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: ES010A020024, 2002

05-24

Agency Should Ensure Compliance with Earmarking Requirements

Finding:

The Mississippi Department of Education (MDE) – Office of Innovative Support administers the Title I Grants to Local Educational Agencies (LEAs) program. The Elementary and Secondary Education Act (ESEA), Section 1003(a)-(e) (20 USC 6303(a)-(e)), requires the state educational agency to reserve 2 percent of the amount the State receives from the grant award for school improvement. Of the amount reserved, not less than 95 percent is to be allocated directly to local educational agencies (LEAs) for schools identified for school improvement and not more than 5 percent may be used by the State to provide technical assistance and support of the school. MDE has developed procedures to determine and input budgetary limitations/allotments into the accounting system to ensure compliance with program requirements.

During testwork on the earmarking requirement for the closed federal fiscal year 2002 Title I Grants to Local Educational Agencies program, we noted the amount budgeted and expended in the Statewide Automated Accounting System (SAAS) for direct allocation to LEAs failed to meet the minimum required by \$130,431 and the amount budgeted and expended for state-level activities exceeded the maximum allowed by \$130,417. Failure to properly calculate the budgetary limits input into the accounting system resulted in noncompliance by the Mississippi Department of Education with the maximum/minimum earmarking requirement mandated by the U. S. Department of Education.

**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 Education (MDE) ensure compliance with the earmarking requirements for the Title I Grants to Local Educational Agencies program. The U.S. Department of Education should be contacted to obtain the appropriate corrective action regarding MDE’s failure to meet the earmarking requirements. Furthermore, calculations for budgetary limitations/allotments should be adequately reviewed and approved by supervisory personnel to ensure amounts comply with restrictions in federal regulations.

EDUCATION

PERIOD OF AVAILABILITY

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A030024A, 2003

05-20

Controls over Carryover Requirement Should Be Strengthened

Finding:

The Elementary and Secondary Education Act, Section 1127 (20 USC 6339), requires the state educational agency (SEA) and the local educational agency (LEA) to obligate funds during the 27 month period, extending from July 1 through September 30, of the second fiscal year for the Title I Grants to Local Educational Agencies program. This maximum period includes a 15-month period of initial availability for obligation plus a 12-month period for the carryover of unobligated funds. A LEA receiving \$50,000 or more in Title I, Part A funds cannot carry over more than 15 percent of its allocation for the project year. A SEA may grant a waiver to a LEA no more than once every three years to allow a LEA to carry over funds in excess of the 15 percent limitation.

The Mississippi Department of Education – Office of Innovative Support (MDE-OIS) developed a spreadsheet to track each LEA’S expenditures, available allotment balance, and the amount in excess of the allowed 15 percent carryover. At the close of September, the schools which appear to have 15 percent or more of their allotment balance available are required to submit a Verification of Carryover Form by the first week of November to document/certify expenditures as well as obligations/commitments. If the available balance is in excess of the allowed carryover percentage, the LEA must also submit a waiver request signed by the superintendent for MDE-OIS consideration and approval.

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

Testwork performed on 12 of 71 school districts with expenditures after the initial availability period (includes 10 of 18 with carryover amounts exceeding 15 percent) revealed the following problems:

- Seven instances, or 58.3 percent, in which the memo with the Bureau Director's initials granting the LEA's request for a waiver could not be located in the files.
- Two instances, or 16.7 percent, in which the school district's Verification of Carryover Form with authorized school personnel signatures certifying the carryover amount with MDE could not be located.

Good internal controls dictate that adequate procedures be in place to ensure compliance with program requirements. Failure to maintain documentation authorizing the waivers as well as confirmation of carryover amounts signed by school personnel could allow a LEA to exceed the spending authority approved by program regulations.

Recommendation:

We recommend the Mississippi Department of Education - Office of Innovative Support strengthen procedures over the carryover limitation to ensure adequate documentation is maintained to support the carry over amounts and waivers granted.

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

EDUCATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A040024A, 2004

05-21

Controls over Comparability Requirements Should Be Strengthened

Finding:

Section 1120A(c) of the Elementary and Secondary Education Act (20 USC 6321(c)) requires that a local educational agency (LEA) may receive funds under Title 1, Part A only if State and local funds will be used in participating schools to provide services, taken as a whole, which are at least comparable to services that the LEA is providing in schools not receiving Title 1, Part A. Each LEA must develop procedures for complying with the comparability requirements and implement the procedures annually. They must maintain records that are updated biennially, documenting compliance with the comparability requirements. The state educational agency (SEA) is ultimately responsible for ensuring that LEAs remain in compliance with the comparability requirement.

The Mississippi Department of Education – Office of Innovative Support (MDE-OIS) administers the Title I Grants to Local Educational Agencies program and in previous years required each LEA to submit a Comparability Report documenting their compliance with the requirements. Also, the agency's onsite monitoring tool required the MDE-OIS monitor to examine supporting documentation to verify LEA's compliance with the comparability requirement. In fiscal year 2005, the agency did not require the LEAs to submit the Comparability Reports and eliminated the review of comparability documentation from the monitoring tool.

Good internal controls require the agency to have adequate procedures in place to ensure compliance with federal regulations. Failure to ensure each LEA is properly monitored for compliance with comparability requirements could result in noncompliance with federal regulations.

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 Education – Office of Innovative Support establish procedures to ensure each of the local education agencies are in compliance with the comparability requirements.

EDUCATION

SPECIAL TESTS AND PROVISIONS

Reportable Condition

84.010

Title I Grants to Local Educational Agencies

Federal Award Number and Year: S010A040024, 2004

05-22

Controls over Reporting Should Be Strengthened

Finding:

Section 1116(c) of the Elementary and Secondary Educational Act (20 USC 6316(c)) requires a state educational agency (SEA) to annually review the progress of each local educational agency (LEA) receiving funds under Title I Grants to Local Educational Agencies program to determine whether schools are making adequate yearly progress. The SEA must report annually to the Secretary of the United States Department of Education and make certain information widely available within the State, including the number and names of each school identified for improvement under Section 1116 (b), the reason why each school was so identified, and the measures taken to address the achievement problems of each school. The SEA must prepare and disseminate an annual state report card that contains information on the performance of LEAs regarding adequate yearly progress. In addition, the SEA must ensure that each LEA collects the data necessary to prepare its annual report card (Sections 1111(h)(1) and (4)).

The Mississippi Department of Education – Office of Innovative Support is responsible for collecting, compiling and determining the accuracy of the information obtained about the number and names of schools and LEAs in need of improvement. Testwork performed on the Consolidated State Performance Report (Parts I and II) for school year 2003-2004 revealed the following:

- Two instances out of 60, or 3 percent, in which the data per the agency spreadsheets did not agree to the data submitted by the school district.

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

- One instance in which a school district was omitted from one of the spreadsheets.
- One instance in which the data submitted by the school district could not be located.

Good internal controls require that reports receive adequate supervisory review to ensure accuracy and completeness of the report prior to submission. Also, good internal controls require source documentation be maintained for audit purposes. The absence of source documentation hinders the performance of a proper and efficient audit. Lack of adequate supervisory review of the Consolidated State Performance Report and supporting documentation could result in the submission of incorrect figures to the federal granting agency.

Recommendation:

We recommend the Mississippi Department of Education strengthen controls over the preparation of the Consolidated State Performance Report by exercising greater care when reports are reviewed by supervisory personnel to ensure propriety prior to submission to the federal granting agency. We further recommend that supporting documentation be maintained for all data included in the report.

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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 HEALTH AND HUMAN SERVICES

**CFDA/Finding
 Number**

Finding and Recommendation

FINANCE AND ADMINISTRATION

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.UN

Various

Federal Award Number and Year: Various
 Questioned Costs: To be determined

05-30

Transfers from Self-Insurance Funds Should Not Include Federal Funds

Finding:

Chapter 595 General Laws of Mississippi 2004 Regular Legislative Session, directed the State Treasurer to transfer to the Budget Contingency Fund, monies from various funds. Included in this list were the following self-insurance funds and respective amounts that were transferred:

Fund 3642 - Self-Insured Workers' Compensation Fund (\$2,715,295), and
 Fund 3644 - Employment Compensation Revolving Fund (\$471,958).

As directed in the approved legislation, the Department of Finance and Administration processed these transfers during the month of August 2004. Section 25d(5) of Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* states, "Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer."

Contributions from some of the agencies which participate in these two self-insurance reserve funds are partially funded with monies drawn from various federal government grant sources. As such, the federal percentage of contributions related to these transfers from these self-insurance reserve funds should be repaid to the federal government as required under Section 25d(5) of OMB Circular A-87.

Recommendation:

The Department of Finance and Administration should review the activity of these self-insurance funds and make a determination as to what amount should be refunded to the federal government, as required by OMB Circular A-87.

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

During our review of the time study system and testwork performed on 40 employees' time reports for fiscal year 2005, we noted the following problems:

- The reconciliation prepared by the agency between current actual time and effort reports and the amount charged for payroll to the Bioterrorism Program revealed the amount of federal funds drawn and charged to the Bioterrorism Program exceeded salaries documented per the time study system by \$587,017. An adjustment to correctly state the time and effort expended had not been made by the agency. Additional audit procedures performed revealed that the time study system did not include the stand by pay charged to the program or the fringe benefits paid to an employee upon termination in the amount of \$303,402. Therefore, it would appear the Bioterrorism Program was overcharged by \$283,615.
- Three of the 40 employee's weekly time reports requested could not be located.
- Eight instances occurred in which the weekly time report was entered into the time study system but no supervisory review of the time report was documented.
- Two weekly time reports did not contain an activity code and 15 weekly time reports used valid program codes which were not included on the program code table in the administrative manual.
- Thirty instances occurred on a total of 27 time sheets in which the program code, activity code, or the employees' hours were not entered correctly in the time study system from the time reporting form.

Good internal controls dictate that adequate controls be in place to ensure the amounts entered in the time study system are accurate and reliable. Inadequate controls over the time study system could hinder the agency's ability to manage federal funds effectively and to comply with federal regulations.

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 State Department of Health strengthen internal controls to ensure time study information is reliable and accurate. Greater care should be taken to ensure time report forms are properly maintained as supporting documentation. Also, a supervisory review should be documented on each time report form. The program code table in the administrative manual should be updated to include all codes currently used. In addition, adjustments should be made to correctly charge personnel expense to federal programs based on benefits derived by the federal program and in order to produce an equitable distribution of time and effort.

HEALTH

REPORTING

Reportable Condition

93.994

Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: 6BO4MC0030107 (10/1/02-9/30/04)

05-32

Controls over Reporting Should Be Strengthened

Finding:

The *Code of Federal Regulations* (45 CFR 92.41) requires the Mississippi State Department of Health to prepare and submit annually a Financial Status Report (Form SF-269) to report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency for the Maternal and Child Health Services Block Grant to the States Program. A final annual report is due 90 days after the expiration or termination of grant support. Testwork revealed the agency did not prepare and submit a final annual SF-269 report for the grant year ending 9/30/04.

Good internal controls dictate procedures are in place to ensure compliance with reporting requirements. Failure to submit the Financial Status Report (SF-269) could impede the U.S. Department of Health and Human Services ability to properly monitor the program and results in non-compliance with reporting requirements.

After this problem was brought to the attention of management, a final annual Financial Status Report for the grant year ending 9/30/04 was prepared and submitted to the U. S. Department of Health and Human Services prior to the completion of audit fieldwork. Also, a spreadsheet was developed by management to track the federal reporting requirements.

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 State Department of Health strengthen procedures over the preparation of federal reports for the Maternal and Child Health Services Block Grant to the States Program to ensure all federal reports are properly prepared and submitted to the federal granting agency.

HEALTH

REPORTING

Reportable Condition

93.994

Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: 6BO4MC042510101
(10/1/04-9/30/06)

05-33

Controls over Special Reporting Should Be Strengthened

Finding:

The *Code of Federal Regulations* (45 CFR 96.17) and the 1981 Omnibus Budget Reconciliation Act (42 USC 706) requires each state to prepare and submit a Title V Application/Annual Report on the activities of the Maternal and Child Health Services Block Grant to States program. It further requires the report to be in a standardized form (OMB No. 0915-0172) and to contain certain information. Additionally, the Office of Management and Budget (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 at the Mississippi State Department of Health on the fiscal year 2003 Title V Application/Annual Report submitted with the fiscal year 2005 application revealed the following:

- The agency could not provide documentation to support the number of newborns “Receiving at least one Screen” or the “Number of Presumptive Positive Screens” on Form 6; the number of Title V Total Served and the percentages of “Primary Sources of Coverage” and “Children with Special Healthcare Needs” on Form 7; and the number of “Total Hispanic or Latino” served by Title V on Form 8.

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

- On Form 6, the amount for “Total Births by Occurrence” and the amount for “Number of Confirmed Cases for Sickle Cell Disease” did not correspond to the supporting documentation provided by agency personnel. The 40,535 amount reported for the “Total Births by Occurrence” was understated by 976 and the 67 amount reported for the “Number of Confirmed Cases for Sickle Cell” was overstated by 11.

Good internal controls dictate that supporting documentation be maintained for federal reports in order to verify propriety and completeness of the report. Failure to maintain proper supporting documentation for required data or to properly enter data in federal reports could result in the submission of incorrect figures to the federal government. Because supporting documentation was not maintained, we could not verify that all data on Forms 6,7 and 8 was correct.

Recommendation:

We recommend the Mississippi State Department of Health strengthen controls over the preparation of federal reports for the Maternal and Child Health Services Block Grant to the States program by ensuring supporting documentation is maintained for all data on the report. Also, greater care should be exercised to ensure data is properly entered in the annual federal reporting forms.

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0505MS5028, 2005
Questioned Costs: \$67,000

05-15

Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Finding:

The Mississippi Medicaid State Plan (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor – Division of Medicaid. The service limits for two of the medical service types provided by the agency are as follows:

- Inpatient Hospital Days – Attachment 3.1-A, Exhibit 1, of the State Plan sets a reimbursement limit of 30 inpatient days per fiscal year.

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

- Outpatient Hospital Visits – Attachment 3.1-A, Exhibit 2, of the State Plan sets a reimbursement limit of six outpatient visits per fiscal year.

Computer edits within the Medicaid Management Information System (MMIS) should ensure claims which exceed the service limits are not paid. We requested the agency run exception reports for the service types above, documenting all recipients for whom paid claims exceeded the service limits for the period July 1, 2004, to June 30, 2005. Our testwork on these reports revealed the following:

- We reviewed claims data for 14 out of 14 recipients for whom paid inpatient hospital days exceeded the service limits. Testwork indicated the service limits were exceeded without a valid policy exception for 13 recipients. This resulted in an overpayment to providers of \$83,931, of which the federal share is \$64,694.
- We reviewed claims data for five out of 23 recipients for whom paid outpatient hospital visits exceeded the service limits. Testwork indicated the service limits were exceeded without a valid policy exception for all five recipients. This resulted in an overpayment to providers of \$2,992, of which the federal share is \$2,306. Due to complexities involved in calculating outpatient hospital reimbursements, we did not project the error to the population.

Recommendation:

We recommend the Office of the Governor – Division of Medicaid ensure the edits for service limits in the Medicaid Management Information System are working properly so hospital claims will be paid in accordance with the State Plan. We further recommend the agency determine the disposition of the claims listed on the exception reports and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors for follow-up purposes.

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)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>MEDICAID</u>
	ALLOWABLE COSTS/COST PRINCIPLES
	<i>Immaterial Noncompliance</i>
93.778	Medical Assistance Program Federal Award Number and Year: 05-0505MS5028, 2005 Questioned Costs: \$20,604
05-16	<u>Agency Should Ensure Claims for Physician Visits in Excess of Service Limits Are Denied</u> <i>Finding:</i> The <u>Mississippi Medicaid State Plan</u> (State Plan) documents the reimbursement service limits for medical services covered by the Office of the Governor - Division of Medicaid. The service limits for two of the medical service types provided by the agency are as follows: <ul style="list-style-type: none">• Physician Visits - Attachment 3.1 - A, Exhibit 5, of the State Plan sets a reimbursement limit of 12 physician visits per fiscal year.• Inpatient Physician Visits – Attachment 3.1-A, Exhibit 5, of the State Plan sets a limit of one physician visit per inpatient hospital day, or 30 per fiscal year. However, visits to patients in intensive or coronary care units (ICU or CCU) are limited to two per day and nursing home visits are limited to thirty-six per fiscal year (no daily limit). Per documentation in the Medicaid Management Information System (MMIS), there are computer edits which should ensure claims which exceed the service limits identified above are not paid. Service limit files within the MMIS contain the current procedural terminology (CPT) codes which are accumulated by the system to determine if recipients have exceeded set service limits. We requested the agency run exception reports for the service types above documenting all recipients whose claims exceeded the service limits for the period July 1, 2004 to June 30, 2005. Our testwork on these reports revealed the following:

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 reviewed 25 recipient's claims data out of 7,389 recipients for whom paid physician visits exceeded the service limit by a total of 31,405 paid units. Testwork indicated the service limits were exceeded without a valid policy exception for 24 of 25 recipients. This resulted in an overpayment to providers of \$14,904, of which the federal share is \$11,488. Due to the complexities of calculating physician claim reimbursements, we did not project the error to the population.
- We reviewed claims data for 25 recipients out of 184 recipients whose paid inpatient physician visits exceeded the service limit. Testwork indicated the service limits were exceeded without a valid policy exception for two of the recipients. This resulted in an overpayment to providers of \$184, of which the federal share is \$142. In ten instances, adult recipient's claims contained units with a place of service of inpatient psychiatric facility. Per the State Plan, Attachment 3.1-A, Exhibit 16, and the provider manual, Section 18.01, inpatient psychiatric facility services are only provided for recipients under the age of 21. The total overpayment to providers for these inpatient psychiatric facility claims was \$11,643, of which the federal share is \$8,974.

Recommendation:

We recommend the Office of the Governor - Division of Medicaid ensure the edits for service limits in the Medicaid Management Information System are working properly so inpatient physician claims and physician claims will be paid in accordance with the State Plan. We further recommend the agency determine the disposition of the claims listed on the exception reports and make the appropriate adjustments to the claims history. Documentation that adjustments were made should be provided to the auditors for follow-up purposes.

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

MEDICAID

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778

Medical Assistance Program

Federal Award Number and Year: 05-0505MS5028, 2005
Questioned Costs: \$10,209

05-17

Agency Should Ensure Hospital Claims Are Paid in Accordance with the State Plan

Finding:

The Mississippi Medicaid State Plan (State Plan) Attachment 4.18-A, page 1, documents the appropriate co-payment amounts to be collected by the provider based on claim type. The co-payment amount to be collected for inpatient hospital charges is \$10 per day. The co-payment amount to be collected for outpatient hospital charges is \$3 per visit. Some common exceptions to the co-payment requirement are “true emergencies”, pregnancy, and children under the age of 18. A co-payment exception indicator code should be included on the claim by the provider when submitting it for payment if an exception exists. Our review of 20 inpatient hospital claims and 20 outpatient hospital claims at the Office of the Governor – Division of Medicaid revealed the following:

- Three inpatient hospital claims were noted in which the co-payment amount was not deducted from the payment to the provider, and no co-payment exception was present on the claim. The errors resulted in an overpayment to the providers totaling \$100, of which the federal share is \$77. We had agency personnel prepare a report detailing inpatient hospital claims for fiscal year 2005 which contained no co-payment exclusion and no co-payment collection. The report indicated there were 5,103 claims with 25,427 covered days. We reviewed 82 claims listed on the report and noted no co-payment exception was present, and no co-payment was collected. For 13 of the claims, the recipient would have qualified for an exception to the co-payment requirement; however, the provider did not use the co-payment exception indicator code on the claim. For the remaining 69 claims, a co-payment of \$10 per day for 1,307 covered days should have been collected. This resulted in an overpayment to providers totaling \$13,070, of which the federal share is \$10,074. Due to the complexities involved in calculating inpatient hospital reimbursement, we did not project the error to the population.

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 (concluded)

**CFDA/Finding
Number**

Finding and Recommendation

- One outpatient hospital claim was noted in which the co-payment amount was not deducted from the payment to the provider, and no co-payment exception was present on the claim. The error resulted in an overpayment to the provider totaling \$3, of which the federal share is \$2. We had agency personnel prepare a report detailing outpatient hospital claims for fiscal year 2005 which contained no co-payment exclusion and no co-payment collection. The report indicated there were 86,314 claims. We reviewed 25 claims listed on the report and noted no co-payment exception was present, and no co-payment was collected. For one of the claims, the recipient would have qualified for an exception to the co-payment requirement; however, the provider did not use the co-payment exception indicator code on the claim. For the remaining 24 claims, a co-payment of \$3 per visit should have been collected. This resulted in an overpayment to providers totaling \$72, of which the federal share is \$56. Due to the complexities involved in calculating outpatient hospital reimbursement, we did not project the error to the population.

Recommendation:

We recommend the Office of the Governor – Division of Medicaid ensure the Medicaid Management Information System is computing the payment for inpatient and outpatient hospital claims in accordance with the State Plan and that co-payment amounts are properly deducted from claims.

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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 HOMELAND SECURITY

**CFDA/Finding
Number**

Finding and Recommendation

EMERGENCY MANAGEMENT AGENCY

ALLOWABLE COSTS/COST PRINCIPLES

Reportable Condition

97.004

State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

05-28

Controls over Approval of Subgrantee Requests Should Be Consistently Applied

Finding:

Article VIII of the Mississippi Emergency Management Agency's Subgrantee Cooperative Agreement requires all requests for reimbursement of program expenditures be accompanied by a memorandum or letter requesting reimbursement, as well as a copy of each invoice supporting the expenditure by the subgrantee and copies of each check or other documentation as proof of disbursement of funds by the subgrantee. Testwork performed on 35 subgrantee requests revealed two instances in which the agency approved payments without obtaining check copies as proof of payment. Failure to obtain required documentation prior to payment could allow errors or fraud to occur without being detected in a timely manner.

Recommendation:

We recommend the Mississippi Emergency Management Agency ensure that all employees reviewing subgrantee requests consistently adhere to the procedures stipulated in the Subgrantee Cooperative Agreement by ensuring that copies of checks are obtained prior to reimbursement of program expenditures.

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

U. S. DEPARTMENT OF HOMELAND SECURITY (continued)

**CFDA/Finding
Number**

Finding and Recommendation

EMERGENCY MANAGEMENT AGENCY

REPORTING

Reportable Condition

97.004

State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

05-29

Schedule of Expenditures of Federal Awards Should Be Reconciled

Finding:

Testwork performed on the Homeland Security Cluster at the Mississippi Emergency Management Agency for fiscal year 2005 revealed that the Schedule of Expenditures of Federal Awards did not agree to supporting program documentation on hand at the agency. While we noted the difference was not material to the overall program, agency personnel were unable to reconcile the amounts. Office of Management and Budgets (OMB) Circular A-133 requires a Schedule of Expenditures of Federal Awards be prepared which accounts for federal receipts and disbursements by program. Failure to accurately document program receipts and disbursements hinders federal and state oversight of the program.

Recommendation:

We recommend the Mississippi Emergency Management Agency ensure the Schedule of Expenditures of Federal Awards is properly completed and supporting documentation be maintained.

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

U. S. DEPARTMENT OF HOMELAND SECURITY (continued)

**CFDA/Finding
Number**

Finding and Recommendation

PUBLIC SAFETY

REPORTING

*Material Weakness
Material Noncompliance*

97.004

State Domestic Preparedness Equipment Support Program

Federal Award Number and Year: Various

05-26

Documentation Supporting Federal Reports Should Be Maintained

Finding:

Testwork performed at the Department of Public Safety for fiscal year 2005 revealed the agency was unable to reconcile the detail of expenditures reported on the Schedule of Expenditures of Federal Awards to supporting documentation. We also noted the agency was unable to reconcile amounts reported on the Federal Status Report (FSR) Form 269 to supporting documentation.

The Schedule of Expenditures of Federal Awards represents the activity of a federal program for a year. The schedule is prepared at the end of each fiscal year. The FSR 269 reports program expenditures and funds drawn from the federal government and is prepared quarterly. Office of Management and Budget Circular A-133 *Compliance Supplement* requires adequate records be maintained to support amounts drawn from federal programs. Also, good internal controls dictate that adequate supporting documentation be on hand to support amounts reported to the federal government.

Without records and supporting documentation in easily accessed format, an efficient audit is prohibited to ensure the agency has correctly reported grant activity to the federal government.

Recommendation:

We recommend the Department of Public Safety ensure documentation supporting federal reports and the Schedule of Expenditures of Federal Awards is properly maintained in a format which allows for an efficient audit. Agency personnel should reconcile these reports and schedules to the supporting records and maintain the documentation for audit purposes.

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

U. S. DEPARTMENT OF HOMELAND SECURITY (concluded)

<u>CFDA/Finding Number</u>	<u>Finding and Recommendation</u>
	<u>PUBLIC SAFETY</u>
	SUBRECIPIENT MONITORING
	<i>Reportable Condition</i>
97.004	State Domestic Preparedness Equipment Support Program Federal Award Number and Year: Various
05-27	<u>Controls over Subrecipient Monitoring Should Be Strengthened</u> <i>Finding:</i> Testwork performed at the Department of Public Safety for fiscal year 2005 revealed the agency did not adequately monitor subrecipients' compliance with Office of Management and Budget (OMB) Circular A-133 audit requirements. All state and local governments which expend \$500,000 or more of federal grant funds must submit a single or program-specific audit under the requirements of OMB Circular A-133. These audits are due no later than 9 months after the subgrantees fiscal year end. As the primary granting agency, the Department of Public Safety is required to verify audits are obtained and review the audits to ensure compliance. We noted that audit reports were not obtained by the Department of Public Safety for several subrecipients which expended federal funds in excess of \$500,000. We further noted that the agency does not have procedures in place to ensure audit reports are received as required. <i>Recommendation:</i> We recommend the Department of Public Safety strengthen controls over subrecipient monitoring by ensuring procedures are in place to identify subrecipients for which an A-133 audit is required. The audits should be obtained and reviewed. The agency should follow up on problems noted as required by OMB Circular A-133.

II. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS



STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2005

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, 2005

INDEX LISTED BY FINDING NUMBER

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
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03-04*e	Mississippi Development Authority	127
03-05*d	Mississippi Development Authority	127
03-16	Education	117
03-17	Health	121
03-18	Health	121
03-19	Health	122
03-26*a	Medicaid	123
03-28	Medicaid	123
03-29	Medicaid	123
03-30	Medicaid	124
03-31	Medicaid	124
04-01*e	Transportation	133
04-02	Education	117
04-03	Education	117
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04-05	Education	117
04-06	Education	118
04-07	Education	118
04-08*b	Education	118
04-09	Transportation	131
04-10	Mississippi Development Authority	128
04-11	Mississippi Development Authority	128
04-12	Mississippi Development Authority	128
04-13*d	Mississippi Development Authority	128
04-14	Medicaid	125
04-15	Medicaid	125
04-16*d	Medicaid	125

STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by Finding Number (concluded)

<u>FINDING NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>	<u>PAGE NUMBER</u>
04-18*d	Medicaid	125
04-19*d	Medicaid	126
04-20	Medicaid	126
04-23*c	Finance and Administration	119

*a Even though the agency indicates the finding was partially corrected, our testwork did not reveal any problems, and a finding was not considered necessary in fiscal year 2005.

*b Even though the agency indicates the finding was partially corrected, the corrective action procedures implemented during the year appear adequate to ensure the finding will be corrected. Therefore, no current year finding was written.

*c The agency indicates the finding was not corrected. However, the agency is in correspondence with the federal government to resolve this issue. It was not considered necessary to repeat this finding for fiscal year 2005. Finding 05-30 details similar transfers completed during fiscal year 2005.

*d A similar finding was written for fiscal year 2005.

*e The agency indicates the finding was partially corrected. For fiscal year 2005, a similar finding was issued in a separate communication.

STATE OF MISSISSIPPI

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005

INDEX LISTED BY STATE GRANTEE AGENCY

<u>STATE GRANTEE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
Education	03-16	117
Education	04-02	117
Education	04-03	117
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Education	04-05	117
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Medicaid	03-31	124
Medicaid	04-14	125
Medicaid	04-15	125
Medicaid	04-16	125
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Medicaid	04-19	126
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STATE OF MISSISSIPPI
Summary Schedule of Prior Federal Audit Findings
Index Listed by State Grantee Agency (concluded)

<u>STATE GRANTEE AGENCY NAME</u>	<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>
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Mississippi Development Authority	03-04	127
Mississippi Development Authority	03-05	127
Mississippi Development Authority	04-10	128
Mississippi Development Authority	04-11	128
Mississippi Development Authority	04-12	128
Mississippi Development Authority	04-13	128
Transportation	04-01	133
Transportation	04-09	131



**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Hank M. Bounds
State Superintendent of Education

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2005**

03-16 Controls Should Be Strengthened to Ensure Compliance with Earmarking Requirements

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

FULLY CORRECTED

04-02 Controls Over the Classification of Program Expenditures Should Be Strengthened

CFDA 10.558 Child and Adult Care Food Program

FULLY CORRECTED

04-03 Controls Over Input of Revised Budget Allocations Should Be Strengthened

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

FULLY CORRECTED

04-04 Controls over Earmarking Requirements Should Be Strengthened

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

FULLY CORRECTED

04-05 Controls over Maintenance of Effort Requirements Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

FULLY CORRECTED

04-06 Controls over Compliance with Earmarking Requirements Should Be Strengthened

CFDA 84.027 Special Education – Grants to States
CFDA 84.173 Special Education – Preschool Grants

FULLY CORRECTED

04-07 Controls over Carryover Requirements Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

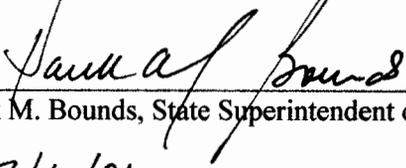
FULLY CORRECTED

04-08 Controls over Reporting Should Be Strengthened

CFDA 84.010 Title I Grants to Local Educational Agencies

PARTIALLY CORRECTED

Procedures have been implemented within the Mississippi Department of Education – Office of Innovative Support to ensure that source documentation is properly maintained to support data reported in the Consolidated State Performance Report. In addition, controls have been strengthened to ensure data entry during report preparation is subjected to proper reviews. However, implementation of corrective action was completed subsequent to the preparation of the 2003-2004 report. The results of future audits should reflect the corrective action procedures instituted by the Office of Innovative Support.

Signed: 
Hank M. Bounds, State Superintendent of Education

Date: 2/10/06



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
J.K. STRINGER, JR.
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2005

04-23 Transfers from Self-Insurance Funds Should Not Include Federal Funds

93-UN Various

Not Corrected

Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the FY 2006 plan is submitted to the federal government, we will provide information about the FY 2004 transfers and begin the negotiation process to determine appropriate action. We are still awaiting review and final settlement of the FY 2004 Statewide Cost Allocation Plan, which will include resolution for the transfers made in FY 2002. When a settlement is reached concerning the FY 2002 transfers, we will be in a better position to know how the federal negotiators plan to resolve this issue, if additional or different information will be needed relative to the FY 2004 transfers, and in what format that information should be.

Signed: _____

J. K. Stringer, Jr.
J. K. Stringer, Jr.
Executive Director

Date: _____

April 20, 2006

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MISSISSIPPI DEPARTMENT OF HEALTH

February 21, 2006

Phil Bryant, State Auditor
Office of the State Auditor
Post Office Box 956
Jackson, MS 39205-0956

Dear Mr. Bryant:

Pursuant to your request the following provides the Schedule of Prior Year Findings for the Department of Health for the Year Ended June 30, 2005. The original response to the findings was contained in our letter to you dated May 7, 2004.

03-17 Computer System Policies and Procedures Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

These policies and procedures have been incorporated and updated in the general agency manual.

03-18 Control over Data Security Should Be Strengthened

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

The policies and procedures address programmer/analyst access to production data for technical purposes and reporting purposes only.

BRIAN W. AMY, MD, MHA, MPH • STATE HEALTH OFFICER
570 East Woodrow Wilson • Post Office Box 1700 • Jackson, Mississippi 39215-1700
601-576-7634 • Fax 601-576-7931 • www.HealthyMS.com

Equal Opportunity In Employment/Services

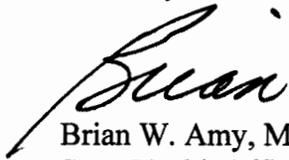
03-19 Edits for Social Security Data Field Should Be Developed

CFDA#10.557 Special Supplemental Nutrition Program for Women, Infants and Children

FULLY CORRECTED

The Social Security Number verification process has been implemented.

Sincerely,



Brian W. Amy, MD, MHA, MPH
State Health Officer



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
DR. ROBERT L. ROBINSON
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2005

03-26 Controls over Provider Rate the Claims Adjustment Transmittals Should Be Improved

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Corrective Action: The practice of sending a monthly request to the fiscal agent regarding the disposition of the rate and claims adjustment transmittals has been reinstated, effective January 2004. The Bureau of Reimbursement has always maintained a current log of the outstanding adjustment transmittals, with all the pertinent documentation. The timing of the processing does not seem to be related to the sending of the monthly request. However, the fiscal agent returns to us a completed transmittal with the appropriate signatures upon completion of the processing of the instructions on that transmittal.

03-28 Agency should Ensure Paid Hospital Claims Do Not Exceed Service Limits

93.778 Medical Assistance Program

FULLY CORRECTED

03-29 Agency Should Ensure Pharmacy Claims in Excess of Service Limits Are Denied

93.778 Medical Assistance Program

NOT CORRECTED

Corrective Action: The implementation of Envision POS (Point-of-Sale) subsystem limits benefits to current policy.

After Envision was implemented in October 2003, audit findings continued to reveal that claims were not denied in excess of service limits for the following known reasons:

1. Plan determination and claim adjudication was found to be based on the date of birth entered by the provider on the claim rather than the date of birth found on DOM's eligibility file. That is, if a provider entered an erroneous date of birth for a beneficiary which would in turn place him/her in a different plan with unlimited prescriptions (Plan 200-Long Term Care, Plan 400 & 700-Children and K-Babies) and he/she was actually in a 'regular' plan (100-Adult- limited prescriptions), that beneficiary could receive unlimited prescriptions.
2. Active 'extension of benefit' override prior authorizations would allow claims in excess of service limits. This was never corrected by ACS.

03-30 Agency Should Ensure Override Codes Are Valid and Ensure Amounts Reimbursed for PharmacClaims Are Correct

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Corrective Action: The implementation of the Envision POS (Point-of-Sale) subsystem will only allow DAW claims to be processed with an assigned PA number. Quantity, drug class, and policy restrictions further limit this.

Correct pricing is ensured by automatic updates to pricing tables on a weekly basis. The updates are automated based on First Data Bank information feeds of pricing structure supplied by manufactures. AWP is reported to FDB then to the fiscal agent. Once the AWP is received POS processes the AWP less 12% resulting in the state MAC price. All pricing data is recorded on the drug-pricing table. The pricing table includes pricing data for AWP, state MAC, and federal MAC.

03-31 Agency should Ensure Claims are adjusted for Rate Changes and Fee Scheduled Updates

93.778 Medical Assistance Program

FULLY CORRECTED

04-14 Controls Should be Strengthened over Federal Cash Draws

93.778 Medical Assistance Program

FULLY CORRECTED

04-15 Controls Should be Strengthened over Computer Edits

93.778 Medical Assistance Program

FULLY CORRECTED

04-16 Controls Should Be Strengthened over Recipient Service Limits

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Corrective Action: DOM and fiscal agent staff discovered most of the errors and submitted computer systems requests to correct the programming. Some of these request have been completed and service limit issues are resolved, and at least one request is still pending. Claims will continue to be monitored for errors in applying service limits, and if new issues are discovered, requests to correct Envision programming will be developed

04-18 Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

93.778 Medical Assistance Program

PARTIALLY CORRECTED

Corrective Action: Computer systems requests have been submitted to correct the programming. Claims will continue to be monitored for errors in applying service limits, and if new issues are discovered requests to correction Envision Programming will be developed

04-19 Agency Should Ensure Physician, Visit Clams in Excess of Service Limits Are Denied.

93.778 Medical Assistance Program

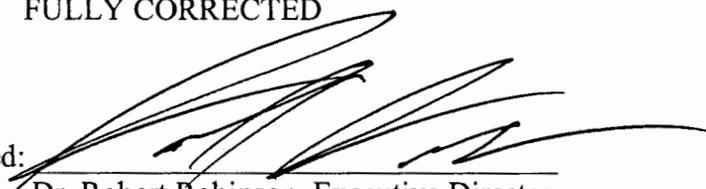
PARTIALLY CORRECTED

Corrective Action: DOM and fiscal agent staff discovered most of the errors and submitted computer systems requests to correct the programming. Some of these request have been completed and service limit issues are resolved, and at least one request is still pending. Claims will continue to be monitored for errors in applying service limits, and if new issues are discovered, requests to correct Envision programming will be developed

04-20 Agency Should Ensure Pharmacy Claims in Excess of Service Limits, Are Denied

93.778 Medical Assistance Program

FULLY CORRECTED

Signed: 

Dr. Robert Robinson, Executive Director

Date: 3-23-06



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
LELAND R. SPEED
EXECUTIVE DIRECTOR

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2005

03-03 Internal Controls Should Be Strengthened for Monitoring Subrecipient Audit Requirements

14.239 Home Investment Partnerships Program

PARTIALLY CORRECTED

MDA is developing additional measures that can be taken to ensure that errors or omissions are detected and corrected. This includes random sampling through internal reviews.

03-04 Internal Controls Should Be Strengthened over Subrecipient Monitoring

14.239 Home Investment Partnerships Program

PARTIALLY CORRECTED

MDA will continue its efforts to ensure that the supervisory reviews are conducted and all documents are signed. Greater care will be taken to during the review of all monitoring tools to check for completion and accuracy.

03-05 Internal Controls Should Be Strengthened over Period of Affordability Inspections

14.239 Home Investment Partnerships Program

PARTIALLY CORRECTED

We will continue working with both computer and other staff to correct deficiencies and develop better internal controls to ensure timely inspections.

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
PAGE 2

04-10 Controls over Reporting Should be Strengthened

17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Worker

FULLY CORRECTED

04-11 Controls Over Subrecipient Monitoring Should be Strengthened

14.239	HOME Investment Partnerships Program
--------	--------------------------------------

FULLY CORRECTED

04-12 Controls Over Monitoring Subrecipient Audit Requirements Should Be Strengthened

17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Worker

FULLY CORRECTED

04-13 Controls over Period of Affordability Inspections Should be Strengthened

14.239	HOME Investment Partnership Program
--------	-------------------------------------

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
PAGE 3

PARTIALLY CORRECTED

Although there is now a tracking system in place, there are continued problems with the "Next Inspection Date" and in some instances there is not proper notification of an inspection. We will continue to work with accounting to resolve problems in this area and other areas that prevent the timely completion of affordability inspections. Until these problems can be resolved in the automated tracking system, we will manually track the period of affordability.

Signed: Terri Hudson
Terri Hudson, Chief Financial Officer

Date: 05/23/2006

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**OFFICE OF
STATE AID CONSTRUCTION**

**MISSISSIPPI DEPARTMENT OF TRANSPORTATION
P. O. Box 1850
JACKSON, MISSISSIPPI 39215-1850**

J. Brooks Miller, Sr. P.E.
State Aid Engineer
Telephone 359-7150

412 Woodrow Wilson Drive
Jackson, Mississippi 39216
Fax 601-359-7141

February 14, 2006

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2005**

04-09 Controls Should Be Strengthened over Davis-Bacon Act Requirements

CFDA #20.205 Highway Planning and Construction

FULLY CORRECTED

Signed:



J. Brooks Miller, Sr., Executive Director

Date:

2-14-06

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William R. "Bill" Minor
Northern District Commissioner

Dick Hall
Central District Commissioner

Wayne H. Brown
Southern District Commissioner



Larry L. "Butch" Brown
Executive Director

Harry Lee James
Deputy Executive Director/
Chief Engineer

Brenda Znachko
Deputy Executive Director/
Administration

P. O. Box 1850 / Jackson, Mississippi 39215-1850 / Telephone (601) 359-7001 / FAX (601) 359-7110 / www.goMDOT.com

January 26, 2006

Summary Schedule of Prior Federal Audit Findings
For the Period Ended June 30, 2005

04-01 Internal Controls Should be Strengthened over Davis-Bacon Act Requirements

CFDA Number 20.205 Highway Planning and Construction

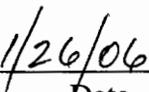
PARTIALLY CORRECTED

Upon notification of this finding on the audit of the previous year, we implemented a four-step program for correcting this deficiency. We have fully implemented three of the four and have implemented part of the fourth. However, we continue having instances of non-compliance. Therefore, we will begin exploring other avenues and other possible solutions immediately.

Additionally, we will provide you with details of any progress we make in determining possible solutions.



LARRY L. (BUTCH) BROWN
Executive Director



Date



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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, 2005
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.

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.

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**STATE OF MISSISSIPPI
DEPARTMENT OF EDUCATION**

Hank M. Bounds
State Superintendent of Education

SINGLE AUDIT FINDINGS

May 12, 2006

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 April 21, 2006, correspondence, the Mississippi Department of Education is providing the following responses and corrective action plans for the single audit findings for the fiscal year ended June 30, 2005:

AUDIT FINDINGS:

- 10.558 State Administrative Expenses for Child Nutrition
 Allowable Costs/Cost Principles
- 05-18 Controls over Allowable Costs Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Child Nutrition will strengthen controls to ensure that budgeted amounts are correctly reported in the Statewide Automated Accounting System (SAAS). When grant awards and notifications of changes to grant awards are received, the proper grant amount will be forwarded to the Budget Office for input into SAAS. In addition, Child Nutrition personnel will periodically review SAAS budget printouts to ensure grant award amounts are properly stated. For the 2003 and 2004 grants, no additional federal funds will be requested from the United States Department of Agriculture.

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

Gary May, Director
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Immediately

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

Matching, Level of Effort, Earmarking

05-19 Controls over Maintenance of Effort Requirement Should Be Developed

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Special Education will implement controls to ensure that the level of state financial support for special education and related services is monitored annually. Designated program staff will compile a report which compares state expenditures for special education and related services for the previous two fiscal years. The compiled data will be subjected to a supervisory review. Supporting documentation will be maintained on file in the program office.

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

Paulette White, Director
Bureau of Support Services, Program Management, and Data Services
Office of Special Education

C. Anticipated completion date for corrective action:

May 30, 2006

84.010 Title I Grants to Local Educational Agencies

Period of Availability

05-20 Controls over Carryover Requirement Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Innovative Support will strengthen controls to ensure compliance with Title I carryover requirements. Program personnel will practice greater care in ensuring supporting documentation for carryover amounts and waiver approvals are maintained on file in the program office. Supporting documentation will be located in the office's central files. The retention of supporting documentation will be verified periodically by designated personnel by tracing data entered into the carryover tracking spreadsheet to the supporting documentation.

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

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

June 30, 2006

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

05-21 Controls over Comparability Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Innovative Support is in the process of implementing controls to ensure local education agencies (LEAs) are reviewed for compliance with comparability requirements. The procedure requiring LEAs to submit a Comparability Report documenting compliance has been reinstated for the 2005-2006 school year. A tracking document has been placed into use to ensure required documentation has been received and to identify whether comparability requirements have been met. The review of Comparability Reports submitted by LEAs and the input of associated data into the tracking document will be performed by designated program staff and will be subjected to a supervisory review.

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

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

June 30, 2006

84.010 Title I Grants to Local Educational Agencies

Special Tests and Provisions

05-22 Controls over Reporting Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi Department of Education – Office of Innovative Support will strengthen controls over the preparation of the Consolidated State Performance Report. Program personnel will practice greater care in ensuring supporting documentation submitted by local education agencies is maintained on file in the program office. Supporting documentation will be located in the office's central files. In addition, the entry of data into the spreadsheet used to prepare the Consolidated State Performance Report will be subjected to a thorough supervisory review. Also, the omission of the school district from the spreadsheet will be corrected immediately.

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

Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

Procedures will be adopted by June 30, 2006 and will be in place during the preparation of the next Consolidated State Performance Report.

10.558 Child and Adult Care Food Program

Subrecipient Monitoring

05-23 Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The errors noted in this finding appear to have resulted from staffing changes and vacancies within the Office of Child Nutrition. The program office has taken action to complete proper training of new personnel and to reassign duties where appropriate to ensure that subrecipient monitoring requirements are met.

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

Gary May, Director
Office of Child Nutrition

C. Anticipated completion date for corrective action:

Corrective Action has been implemented.

84.010 Title I Grants to Local Educational Agencies

Matching, Level of Effort, Earmarking

05-24 Agency Should Ensure Compliance with Earmarking Requirements

Response:

We concur with the finding and recommendation.

Corrective Action Plan:

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

The Mississippi of Education – Office of Innovative Support has strengthened controls to ensure compliance with earmarking requirements. The calculation of proper budgeted earmarking allotments by designated program staff is subjected to a supervisory review prior to entry into the Statewide Automated Accounting System. As recommended further guidance from the United States Department of Education regarding corrective action procedures will be requested.

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

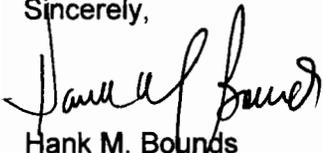
Nikisha Ware, Director
Office of Innovative Support

C. Anticipated completion date for corrective action:

Corrective action has been implemented.

Should you have any questions or need additional information, do not hesitate to contact me.

Sincerely,



Hank M. Bounds
State Superintendent of Education

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HOMELAND SECURITY CLUSTER

MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2005

05-28

Condition: Mississippi Management Agency approved and reimbursed payments to Mississippi State University without copies of checks as proof of payment. This payment of \$131,149 occurred on February 11, 2005. In addition, an immaterial allowable cost was reimbursed to Mississippi Department of Environmental Quality that related to another federal grant program.

Corrective Actions Taken or Planned:

MEMA concurs with the above finding. On February 11, 2005, a payment in the amount of \$131,148.50 was disbursed to Mississippi State University on payment voucher #05000002021. Although supporting documentation in the file reveals a detailed listing from the Sub-grantee, reflecting check numbers and amounts that support the reimbursement, actual copies of the checks were not in the file. On March 28, 2005, a certified letter was mailed to the Sub-grantee requesting copies of each check needed to support the reimbursement. A copy of the letter is attached for the file.

On February 05, 2004, MEMA paid the amount of \$35.64 to the Department of Environmental Quality on payment voucher #0500000023. This reimbursement was not an authorized expense on the grants equipment list. On March 28, 2005, a certified letter was mailed to DEQ requesting re-payment of the above-mentioned amount. A copy of the letter is attached for the file.

MEMA policy, as stated in Article VII of the Sub-grantee Cooperative Agreement, requires that a memorandum or letter requesting reimbursement, as well as a copy of each invoice supporting the expenditure by the sub-grantee and copies of each check or other documentation as proof of disbursement of funds by the sub-grantee, accompany all requests for reimbursements. MEMA will not rely on the Department of Public Safety's review as certification that all documents are in the reimbursement request packet. The Homeland Security Coordinator at MEMA will review sub-grantee reimbursement requests and certify in the form of a checklist that all grant requirements have been met. Letters explaining the review process will be mailed to all sub-grantees with remaining funds available for disbursement.

HOMELAND SECURITY CLUSTER
MISSISSIPPI EMERGENCY MANAGEMENT AGENCY
CORRECTIVE ACTION PLAN JUNE 30, 2005

05-29

Condition: The Mississippi Emergency Management Agency did not reconcile the grant expenditures on the schedule of expenditures of federal awards to the detail of expenditures under the Homeland Security Cluster grants by an amount that is not material to the schedule of expenditures of federal awards.

MEMA concurs with the above finding; however, MEMA is able to report grant activity as reconciliations are prepared quarterly for Federal reporting purposes. MEMA contracts with a local auditing firm to complete the GAAP package twice a year. The schedule of federal awards used in this audit was obtained from the GAAP package prepared for year-end June 30, 2005. The firm states that reconciliations of expenditures are not required for GAAP as the package focuses on reconciliations of receipts. Additionally, the firm did not obtain printouts for expenditures from the Statewide Automated Accounting System (SAAS & MERLIN) on the date of preparation of the GAAP package, which would have supported the grant expenditures listed on the schedule of expenditures of federal awards.

MEMA will require the auditing firm to reconcile expenditures reported on the schedule of expenditures of federal awards to supporting detail during GAAP preparation. Reports from the automated accounting system must be retained in the GAAP package that support receipts and expenditures listed on the schedule.



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
J.K. STRINGER, JR.
EXECUTIVE DIRECTOR

May 18, 2006

SINGLE AUDIT FINDING

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

Dear Mr. Bryant:

The following is our response to the finding and recommendation contained in your Single Audit Management Report dated May 17, 2006.

AUDIT FINDING:

93.UN Various

ALLOWABLE COSTS/COST PRINCIPLES

05-30 Transfers from Self-Insurance Funds Should Not Include Federal Funds

Response: We concur with this finding.

Corrective Action Plan:

- A. Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the proposed FY 2007 plan is submitted to the federal government, we will submit information about the FY 2005 transfers and begin the negotiation process to determine appropriate action.

Honorable Phil Bryant

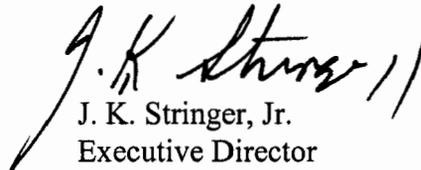
Page 2

My 18, 2006

- B. Mrs. Sandra Lohrisch, Director of the Office of Budget and Accounting, will be responsible for coordinating the corrective action.
- C. Final settlement of this issue will depend on review of the state's SWCAP for FY 2007 by the federal cognizant agency and subsequent negotiations with the federal government.
- D. Not applicable.

If you should need additional information concerning this response, please let me know.

Sincerely,



J. K. Stringer, Jr.
Executive Director

those individuals who work 100% on the activities outlined in the Bioterrorism grant, yet whose time is coded in the time study system as administrative, were not included in the auditor's calculations. We concur with the remainder of the finding.

Corrective Action Plan: We will continue to reconcile the time and effort reports to salaries paid per the financial system and any necessary adjustments will continue to be made. For those personnel who by agency policy are exempt from time study reporting, certifications will be obtained in accordance with guidelines in OMB Circular A-87. In addition, the Mississippi Department of Health has implemented a process to notify the office directors when an employee in their program does not correctly and completely fill out and submit a Time Study form by the due date of these forms. The Time Study staff will meet regularly with the parties involved in defining the program codes to ensure correct and up-to-date codes are defined in the system.

REPORTING

93.994

Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: 6BO4MC0030107 (10/1/02 – 9/30/04)

05-32

Controls over Reporting Should Be Strengthened

Response: We concur with the finding.

Corrective Action Plan: While the Mississippi Department of Health concurs with the finding, controls were established during FY 2005 to ensure federal reports are properly prepared and submitted to the federal granting agency. Beginning around December 2004 a spreadsheet was developed to track all Federal reporting requirements. This spreadsheet includes the name of the grant, type of financial report required, due date of report, preparer's name, and dates indicating when the report was prepared, reviewed, approved and submitted. The spreadsheet is reviewed each month and the grants management accountant is reminded of the financial reports coming due.

REPORTING

93.994

Maternal and Child Health Services Block Grant to the States

Federal Award Number and Year: 6BO4MC042510101
(10/1/04 – 9/30/06)

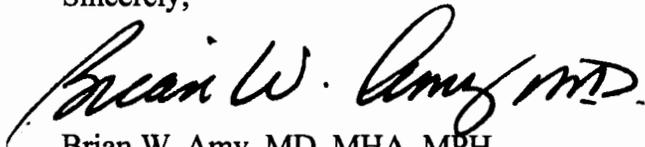
05-33

Controls over Special Reporting Should Be Strengthened

Response: We concur with the finding.

Corrective Action Plan: The staff recognizes the issue at hand and will be requesting generated reports as well as created forms and will keep this information in a central location. With our new documentation protocol, issues like these should be avoided in the future. The forms and generated reports will be kept in a locked central location.

Sincerely,



Brian W. Amy, MD, MHA, MPH
State Health Officer

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STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
DR. ROBERT L. ROBINSON
EXECUTIVE DIRECTOR

SINGLE AUDIT FINDINGS

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

May 23, 2006

Dear Mr. Bryant:

Our responses and corrective action plan, relative to your letter dated May 8, 2006, are as follows.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

05-15 Agency Should Ensure Paid Hospital Claims Do Not Exceed Service Limits

Response: The Division has strengthened internal control procedures related to computer system edit controls, including service limit edits, to ensure that they are operating effectively and to ensure that all changes are accurately documented. The exceptions noted in this finding were the result of a failure to retro-actively apply the Division's corrective action plan to claims that were paid prior to the close of the previous year's audit. The Division and its fiscal agent have implemented corrective action procedures for all computer system edit controls as of the date the 2004 Single Audit Report was issued.

Corrective Action: All changes to computer system edit controls are approved and logged by the Division on the day they are implemented by the fiscal agent. Systems personnel from the Division and the fiscal agent review all exception reports related to computer system edit controls to ensure that all claims have been correctly processed for payment or denied in accordance with the Mississippi Medicaid State Plan.

The Division and its fiscal agent will also determine the disposition for the claims that were listed on the exception reports mentioned in your findings, and make the appropriate adjustments to claims history if the claims have not been previously corrected.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

05-16 Agency Should Ensure Claims for Physician Visits in Excess of Service Limits Are Denied.

Response: The Division has strengthened internal control procedures related to computer system edit controls, including service limit edits, to ensure that they are operating effectively and to ensure that all changes are accurately documented. The exceptions noted in this finding were the result of a failure to retro-actively apply the Division's corrective action plan to claims that were paid prior to the close of the previous year's audit. The Division and its fiscal agent have implemented corrective action procedures for all computer system edit controls as of the date the 2004 Single Audit Report was issued.

Corrective Action: Please see the Corrective Action listed in finding number 05-15.

ALLOWABLE COSTS/COST PRINCIPLES

Immaterial Noncompliance

93.778 Medical Assistance Program

05-17 Agency Should Ensure Hospital Claims Are Paid in Accordance with the State Plan

Response: The Division has strengthened internal control procedures related to computer system edit controls to ensure that they are operating effectively and to ensure that all changes are accurately documented.

Corrective Action: Please see the Corrective Action listed in finding number 05-15.

If you have any questions, please contact Janet Mann at 601.359.6528.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Robinson', with a long horizontal flourish extending to the right.

~~Dr.~~ Robert L. Robinson
Executive Director

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
LELAND R. SPEED
EXECUTIVE DIRECTOR

Single Audit Findings

May 24, 2006

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

Dear Mr. Bryant:

This letter is in response to your letter of April 21, 2006 concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2005. We are pleased to note that no reportable conditions were considered to be material weaknesses. Revised monitoring checklist and other controls were implemented during 2005; therefore corrective actions will be most evident in projects funded after this time period. Our responses to the seven (7) reportable conditions are as follows:

CFDA Number and Program Name
14.239 HOME Investment Partnerships Program

PROGRAM INCOME

05-08 Controls Over Program Income Should Be Strengthened

Response: Policies and procedures were established in September 2003 and communicated in CSD Policy Statement, 03-002. This policy statement required all HOME project recipients to report program income to MDA, CSD. A program income file, spreadsheet and tracking system were created in 2003. However, changes in staff and inadequate internal controls prevented this system from fully addressing the tracking of program income. CSD HOME contracts include the requirement that subgrantees expend program income prior to requesting additional funds. We agree that this clause can be strengthened and is being addressed in future contracts.

Corrective

Action Plan: Internal controls have been strengthened to ensure that the established system of tracking program income is maintained. An annual notice is sent and cross-referenced with the program income file to check for consistent and accurate reporting. The financial monitoring checklist, as amended 10/2005, now ensures that program income, if applicable, is reviewed for compliance during monitoring. Future contract clauses will be strengthened to ensure that each subgrantee is aware of their responsibilities as it relates to the reporting of program income as well as the requirement to request MDA approval prior to the expenditure of program income.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

REAL PROPERTY ACQUISITION/RELOCATION ASSISTANCE

05-09 Controls over Real Property Acquisition/Relocation Assistance Requirements Should Be Strengthened

Response: Policies and procedures have been included in the HOME implementation manual and real property acquisition/relocation assistance requirement is reviewed as a part of monitoring. However, additional training is needed to ensure staff understanding of federal regulations.

Corrective

Action Plan: Policy Statement 06-009, instructing HOME and CDBG program recipients that the Uniform Act applies to any project which utilizes federal funds was issued. Additional training is being provided to monitors to enhance and ensure their understanding of the URA and the requirements.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

REPORTING

05-10 Controls over Reporting Should be Strengthened

Response: MDA concurs that systems to ensure sufficient reviews are needed. The lack of proper supervisory review as identified caused errors in the performance report for the HOME program. These errors were corrected and a revised report was submitted.

Corrective

Action Plan: A review sheet has been developed and will be used to review all reports. The review process will include a supervisory level and final review by the Bureau Manager.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

SUBRECIPIENT MONITORING

05-11 Controls over Monitoring Subrecipient Audit Requirements Should Be Strengthened

Response: MDA concurs with the finding. We have taken action to correct the instances cited during the audit.

Corrective

Action Plan: MDA is developing additional measures that can be taken to ensure that errors or omissions are detected and corrected. This includes random sampling through internal reviews.

CFDA Number and Program Name

14.228 Community Development Block Grant/State's Program

SUBRECIPIENT MONITORING

5-25 Controls over Subrecipient Monitoring Should Be Strengthened

Response: MDA concurs with this finding

Corrective

Action Plan: MDA will continue its efforts to ensure that the supervisory reviews are conducted and all documents are signed. Greater care will be taken to during the review of all monitoring tools to check for completion and accuracy.

CFDA Number and Program Name

14.239 HOME Investment Partnership Program

SPECIAL TESTS AND PROVISIONS

5-13 Controls over the Allocation of Program Funds Should Be Strengthened

Response: We believe that our present system of review ensures the following of guidelines and requirements established by the agency. However, as indicated in your report, the funding of two applications not meeting the

established criteria was a decision made by previous administration's upper level management. Therefore, we cannot respond to the reasoning behind this decision.

Corrective

Action Plan: MDA will continue to follow the established process for funding applications. Management ensures that awards will be made to the highest scoring applications. If it is found that the State made an error that if corrected would result in an increase of points that would have made funding possible, the unfunded applicant would be given priority in the next program year's allocation.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program

SPECIAL TESTS AND PROVISIONS

5-12 Controls over Period of Affordability Inspections Should Be Strengthened

Response: We continue to experience programming errors with the monitoring program utilized to track the period of affordability. Monitoring staff is working with in-house computer staff to address errors as they are identified.

Corrective

Action Plan: Projects identified during the audit have been inspected and were found to have no findings. As errors are identified, we will continue to work with computer staff to correct deficiencies. We will also work with staff to develop better internal controls that will ensure that all affordability inspections are performed timely.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Donna Sanford at 359-2911.

Sincerely,



Terri P. Hudson
Chief Financial Officer



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
DEPARTMENT OF PUBLIC SAFETY
GEORGE PHILLIPS, COMMISSIONER

November 22, 2005

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

Dear Mr. Bryant:

We are in receipt of the Audit report for the Byrne Formula Grant Program and the State and Community Highway Safety Program at the Mississippi Department of Public Safety ("DPS") for fiscal year 2005 and provide the following responses.

SINGLE AUDIT FINDINGS:

- 1. 16.579 Byrne Formula Grant Program
05-01
Strengthen controls over federal reimbursement procedures and reporting for the
Byrne Formula Grant Program.**

Response 1:

We concur that there should be strong controls over federal reimbursement procedures for the Byrne Formula Grant Program. The Byrne staff has been adequately trained to thoroughly review each claim for reimbursement of funds under the Byrne Program. Since inaccurate calculations have not been a problem, there has not been supervisory review of each reimbursement request.

Corrective Action:

A supervisor will initial all reporting worksheets.

Response 2:

The Division of Public Safety Planning (“PSP”) agrees that there should be strong controls over reporting for the Byrne Formula Grant Program. Although worksheets have sometimes been submitted after the fifth working day of the month, this requirement is a program area guideline and is not required by federal or state regulations. Often reporting worksheets are not submitted by the fifth working day because supporting documentation may not be available.

Corrective Action:

The Office of Justice Programs has changed the date for submitting reporting worksheets to the 10th working day of the month. Sub-grantees will be required to adhere to the adjusted date.

**2. 20.600 State and Community Highway Safety
05-02**

Strengthen controls over federal reimbursement procedures and reporting for the State and Community Highway Safety Program.

- There were no supervisory reviews performed to ensure the accuracy of the Highway State Plan Cost Summary or the Federal Reimbursement Voucher.

Corrective Action:

PSP agrees there should be strong controls over federal reimbursement procedures and has an approval process in operation for all reports.

- There was no adequate segregation of duties. One employee was responsible for entering and approving sub-grant expenditures into SAAS on-line for generation of payment vouchers and for posting and submitting all transactions into the Grant Tracking System, including both the Highway Safety Plan Cost Summaries and the Federal Reimbursement Vouchers.

Response:

PSP had only one fiscal officer assigned to the agency.

Corrective Action:

DPS was requested to provide additional personnel to comply with the segregation of duties finding. This additional person has been transferred to PSP as the second fiscal officer.

**3. 16.579 Byrne Formula Grant Program
05-03**

Strengthen controls over financial status reports for the Byrne Program.

Response:

PSP agrees there should be strong controls over financial status reports for the Byrne Program. The Financial Status Reports (SF-269's) are now being submitted on-line. The on-line submission process does not provide an opportunity to review the reports between their completion and submission.

Corrective Action:

To ensure supervisory review of the information contained in the SF-269 Reports, the Executive Director of PSP or the Director of the OJP will review and initial a working copy of the data to be submitted on the report before it is completed and submitted on-line.

**4. 16.579 Byrne Formula Grant Program
05-04**

Strengthen controls over monitoring sub-recipient audit requirements for the Byrne Program.

Response:

We concur there should be strong controls over monitoring sub-recipient audit requirements for the Byrne Program. Recent retirements and other vacancies within the Comptroller's Office has resulted in the monitoring of sub-recipient audit requirements not being reviewed in a timely manner, nor was there proper follow-up on late submissions. Although supervisory reviews were being made, they were not noted by signature.

Corrective Action Plan:

- A. Assign staff outside the Comptroller's Office to monitor sub-recipient audit requirements. Discussions have taken place with PSP related to this matter.
- B. Train staff and develop a plan of action to perform review of audits as required by OMB Circular A-133.
- C. Require supervisor signature on all review.

5. **20.600 State and Community Highway Safety
05-05**

Strengthen controls over monitoring sub-recipient audit requirements for the Highway Safety Program.

Response:

We concur there should be strong controls over monitoring sub-recipient audit requirements for the Highway Safety Program (“OHS”). Recent retirements and other vacancies within the Comptroller’s Office has resulted in the monitoring of sub-recipient audit requirements not being reviewed in a timely manner, nor was there proper follow-up on late submissions. Although supervisory reviews were being made, they were not noted by signature.

Corrective Action Plan:

- A. Assign staff outside the Comptroller’s Office to monitor sub-recipient audit requirements. Discussions have taken place with PSP related to this matter.
- B. Train staff and develop a plan of action to perform review of audits as required by OMB Circular A-133.
- C. Require supervisor signature on all reviews.

6. **20.600 State and Community Highway Safety
05-06**

Strengthen controls over sub-recipient monitoring for the Highway Safety Program.

- There was no tracking system to schedule and assure timely on-site monitoring visits.

Response:

We agree there should be strong controls over sub-recipient monitoring for the Highway Safety Program. Historically, the OHS Policies and Procedures did not require a proposed monitoring schedule to be in place. Each program manager was required to monitor each project at least once on-site during the project year.

Corrective Action:

For the current federal fiscal year, a schedule is in place to ensure that each project is monitored at least once per year.

- Supervisory reviews of monitoring reports were not documented.

Response:

Historically, a supervisory review was not required by OHS policy and procedure.

Corrective action:

The OHS director will review and sign all OHS monitoring and follow-up reports.

- The policies and procedures manual did not contain processes for corrective actions by sub-grantees and follow-up reviews by the agency.

Response:

Policies were in place but were not written in the manual.

Corrective Action:

We have revised the OHS Policy and Procedure Manual to include processes for corrective actions by the sub-grantee and follow-up reviews by the agency.

7. **20.600 State and Community Highway Safety
05-07**

Comply with earmarking requirements for the Highway Safety Program.

Response:

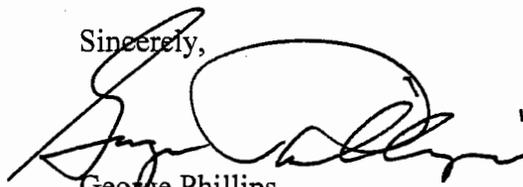
We agree OHS should comply with earmarking requirements. The Grant Tracking System is used to report Expenditures for NHTSA funding. The vouchers are prepared on-line on a monthly basis and reimbursement is made for the Federal dollars expended. The 402 allocation is subdivided into seven program areas. Planning and Administration (P&A) is limited to 10% of the total 402 allocation plus prior year 402 carryover funds. P&A is used for personnel salaries, fringe benefits, travel, communication, supplies, etc. In preparing the September voucher, it was discovered the 10% allowed had been exceeded by \$13,526.70. After a diligent search, we were unable to pinpoint which expenditures made up this amount. The NHTSA Federal Representative was contacted for assistance when the "Critical error" was encountered during closeout. He had to email the NHTSA office in Washington, D.C. to get approval for the State to be over the 10% limitation. Additionally, the 402 allocation was cut by \$118,750.70 on September 24, 2004, which is a drastic amount so late in the program year ending September 30th.

Corrective Action:

Adjustments have been made at the Federal level by upgrading the GTS to prevent this from happening again, and we will closely monitor P & A on a monthly basis.

We commend your staff for the professional manner in which they conducted their audit and appreciate the recommendations for actions that will improve DPS' accountability.

Sincerely,



George Phillips
Commissioner

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STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
DEPARTMENT OF PUBLIC SAFETY
GEORGE PHILLIPS, COMMISSIONER

Homeland Security

Corrective Action Plan Year Ended 2005

05-27

Federal Award:

Homeland Security Grant Program (CFDA No. 97.004)
ODP Homeland Security Grant Program (CFDA No. 97.067)

Condition:

Department of Public Safety (DPS) has not adequately monitored compliance with OMB Circular A-133 audit requirements.

Reply:

Due to retirements and loss of staff, DPS has not been adequately monitoring the Single Audits. DPS is currently organizing a new grants department. This grants department will establish procedures to monitor the single audits and notify the correct departments when there are findings.

05-26

Federal Award:

Homeland Security Grant Program (CFDA No. 97.004)
ODP Homeland Security Grant Program (CFDA No. 97.067)

Condition:

DPS is unable to reconcile the detail of expenditures to the Schedule of Expenditures of Federal Awards. In addition, DPS is unable to reconcile the Federal States Reports (FSR) Form 269 to the detail of expenditures.

Reply:

The audit finding shows a variance of \$798,444 between the Schedule of Federal Grant Activity and the expenditure records. However, the majority of the variance is from the fact that the Schedule of Federal Grant Activity's amounts were

through the lapse period after June 30, 2005 and the expenditure records' amounts were only through June 30, 2005. DPS shows a variance of \$276,195, which would not qualify for a material finding. However we do concur that there is a lack of supporting documents for the Schedule of Federal Grant Activity. The employees that complete this schedule have been instructed to retain the reports that are used to complete the schedule.

IV. INDICES



STATE OF MISSISSIPPI

**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
LISTED BY FEDERAL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2005**

1. Office of National Drug Control Policy: None
2. U.S. Department of Agriculture: Pages 63-65
3. U.S. Department of Commerce: None
4. U.S. Department of Defense: None
5. U.S. Department of Housing and Urban Development: Pages 67-76
6. U.S. Department of the Interior: None
7. U.S. Department of Justice: Pages 77-80
8. U.S. Department of Labor: None
9. U.S. Department of Transportation: Pages 81-86
10. Appalachian Regional Commission: None
11. General Services Administration: None
12. National Foundation on the Arts and the Humanities: None
13. U.S. Department of Veterans Affairs: None
14. Environmental Protection Agency: None
15. U.S. Department of Energy: None
16. U.S. Department of Education: Pages 87-93
17. U.S. Department of Health and Human Services: Pages 95-105
18. Corporation for National and Community Service: None
19. Social Security Administration: None
20. Department of Homeland Security: Pages 107-110

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STATE OF MISSISSIPPI

**INDEX OF FINDINGS AND RECOMMENDATIONS
LISTED BY STATE GRANTEE AGENCY
FOR THE YEAR ENDED JUNE 30, 2005**

1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Pages 63, 87
10. Emergency Management: Page 107
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: Page 95
14. Forestry Commission: None
15. Health: Page 96
16. Human Services: None
17. Library Commission: None
18. Marine Resources: None
19. Medicaid: Page 100
20. Mental Health: None
21. Military Department: None
22. Mississippi Development Authority: Page 67
23. Narcotics: None
24. Oil and Gas Board: None
25. Pharmacy Board: None
26. Public Safety: Pages 77, 109
27. Public Service Commission: None
28. Rehabilitation Services: None
29. Secretary of State: None
30. Soil and Water Conservation Commission: None
31. State Fire Academy: None
32. Supreme Court: None
33. Tax Commission: None
34. Transportation: None
35. Treasury: None
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: 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, 2005

<u>FINDING NUMBER</u>	<u>PAGE NUMBER</u>	<u>STATE GRANTEE AGENCY NAME</u>
05-01	77	Public Safety
05-02	81	Public Safety
05-03	78	Public Safety
05-04	79	Public Safety
05-05	83	Public Safety
05-06	85	Public Safety
05-07	82	Public Safety
05-08	67	Mississippi Development Authority
05-09	68	Mississippi Development Authority
05-10	69	Mississippi Development Authority
05-11	73	Mississippi Development Authority
05-12	74	Mississippi Development Authority
05-13	75	Mississippi Development Authority
05-14	-	(not used)
05-15	100	Medicaid
05-16	102	Medicaid
05-17	104	Medicaid
05-18	63	Education
05-19	87	Education
05-20	89	Education
05-21	91	Education
05-22	92	Education
05-23	64	Education
05-24	88	Education
05-25	71	Mississippi Development Authority
05-26	109	Public Safety
05-27	110	Public Safety
05-28	107	Emergency Management Agency
05-29	108	Emergency Management Agency
05-30	95	Finance and Administration
05-31	96	Health
05-32	98	Health
05-33	99	Health

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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, 2005**

1. Agricultural Aviation Board: None
2. Agriculture and Commerce: None
3. Animal Health: None
4. Archives and History: None
5. Arts Commission: None
6. Attorney General: None
7. Board for Community and Junior Colleges: None
8. Corrections: None
9. Education: Page 137
10. Emergency Management: Page 145
11. Employment Security: None
12. Environmental Quality: None
13. Finance and Administration: Page 147
14. Forestry Commission: None
15. Health: Page 149
16. Human Services: None
17. Library Commission: None
18. Marine Resources: None
19. Medicaid: Page 153
20. Mental Health: None
21. Military Department: None
22. Mississippi Development Authority: Page 157
23. Narcotics: None
24. Oil and Gas Board: None
25. Pharmacy Board: None
26. Plant Industry: None
27. Public Safety: Page 161
28. Public Service Commission: None
29. Rehabilitation Services: None
30. Secretary of State: None
31. Soil and Water Conservation Commission: None
32. State Fire Academy: None
33. Supreme Court: None
34. Transportation: None
35. Treasury: None
36. Veterans Affairs Board: None
37. Wildlife, Fisheries and Parks: None

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V. ACKNOWLEDGMENTS



ACKNOWLEDGMENTS

REPORT PREPARED BY:

Phil Bryant, State Auditor
Rodney D. Zeagler, CPA, Director, Department of Audit
William R. Doss, CPA, Director, Financial and Compliance Audit Division
Rob Robertson, Director, Agency Audit Section

Many thanks to the following managers, supervisors and field staff of the Office of the State Auditor for their efforts in gathering information contained in this Single Audit Report:

Managers

Vicki Alvey
Karlanne Coates, CPA

Supervisors

Judy Bounds
Amy Buller, CPA
Laura Griffin
Liza Hammett
Kayla McKnight
Marilyn Purvis, CGFM

Field Staff

Trisi Baskin	Kamelia Moore
Tangela Beddingfield	Lisa Pendleton
Amanda Britt	Christopher Rand
Johnnie Davenport	Andy Salin
Amy Ellis, CPA	M. Diane Sanders
Katie Gilmore	Jessica Short
Keian Grayer	Jay Strait
LaDonna Johnson	Lucreta Walker
Jeanne Julious	Yulanda Wesley
Mike McCollough	Rebecca Wilson
Kim McCrory	

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We would also like to thank staff members of the Bureau of Financial Reporting, Department of Finance and Administration, for their assistance with this report through compilation of the Schedule of Expenditures of Federal Awards.

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Cover:

The photo is an evening view of a dancer in front of the fountains at Thalia Mara Hall in Jackson. Mississippi is designated as the official site for the USA International Ballet Competition (www.usaibc.com), which is rotated every fourth year with Bulgaria, Moscow, and Tokyo. Photo is courtesy of the Mississippi Development Authority.

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