

# State of Mississippi



**Single Audit for Year Ending June 30, 2021**

Mississippi Office of the State Auditor

Shad White





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

November 11, 2022

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

I am pleased to finally submit the *Single Audit Report* of the State of Mississippi for the fiscal year ended June 30, 2021. 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) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 of the U.S. Code of Federal Regulations Part 200)*, 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.

While I am pleased to report that, for the thirty-third consecutive year, DFA was awarded the Government Finance Officers Association of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting, it is important to note that this award is bestowed on DFA for its adherence to standards when compiling the report, and does not consider the actual financial condition of the state.

Additionally, it is important to note that my office issued an unmodified opinion on those financials, but that in order to do so, multiple significant adjustments to the financial reports submitted by state agencies were required. I would encourage you to review the audit findings issued by my office and other independent CPA firms. These audit findings are a vital part of our report as they acknowledge weaknesses existing in our state agencies that should be addressed by management and those charged with governance.

Mississippi's *Annual Comprehensive Financial Report* for fiscal year 2021 and our report thereon, dated April 8, 2022, has been issued under separate cover 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

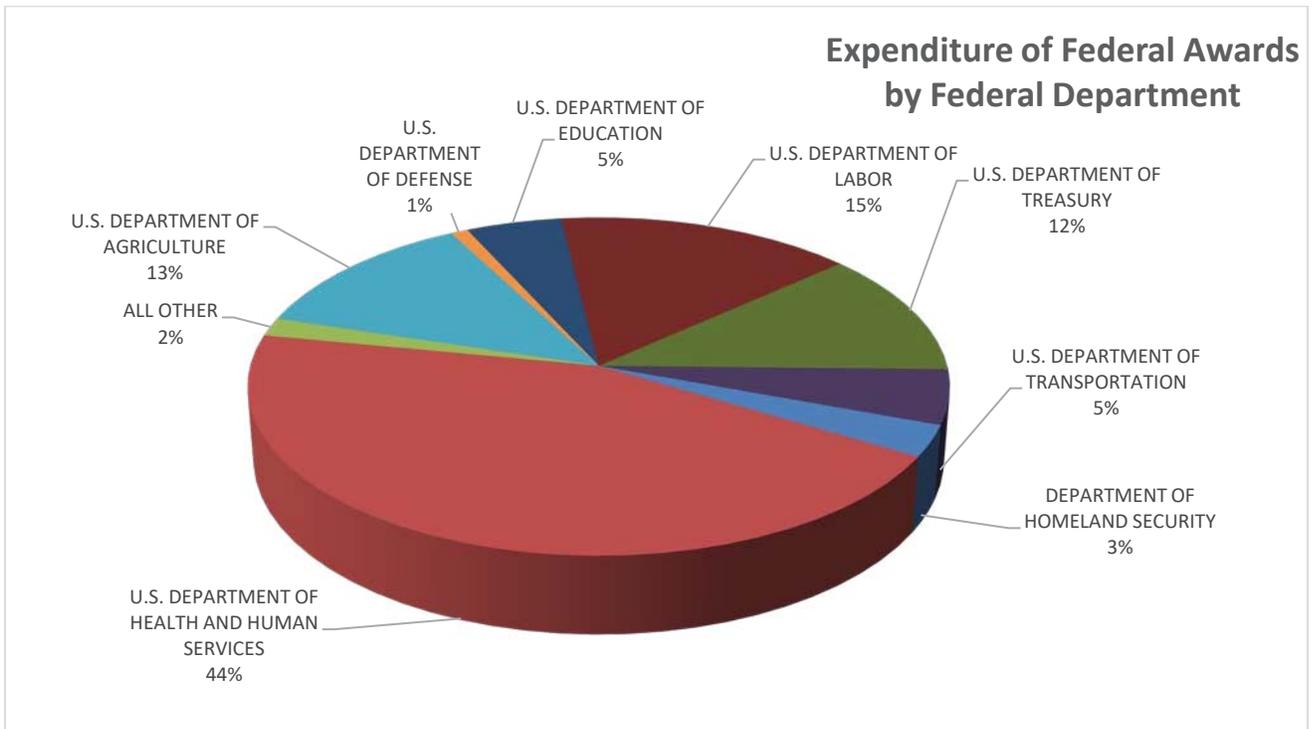
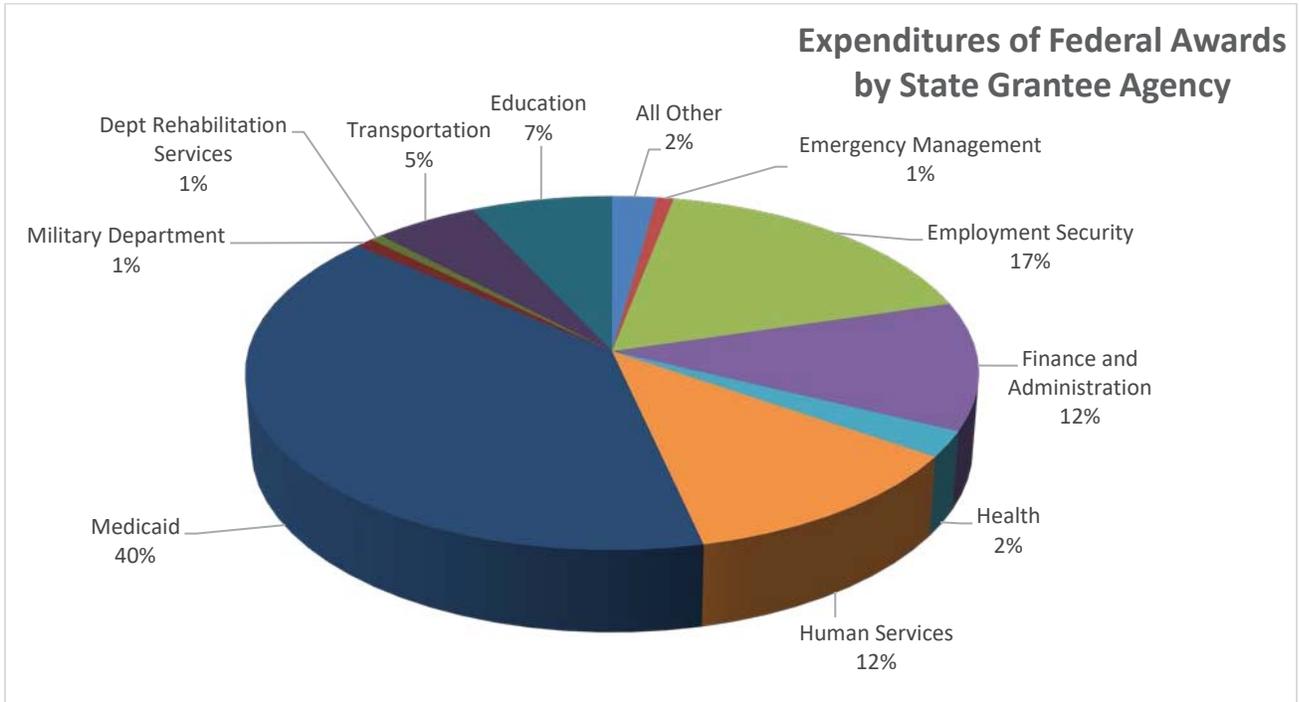
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White". The signature is stylized and cursive.

SHAD WHITE  
State Auditor

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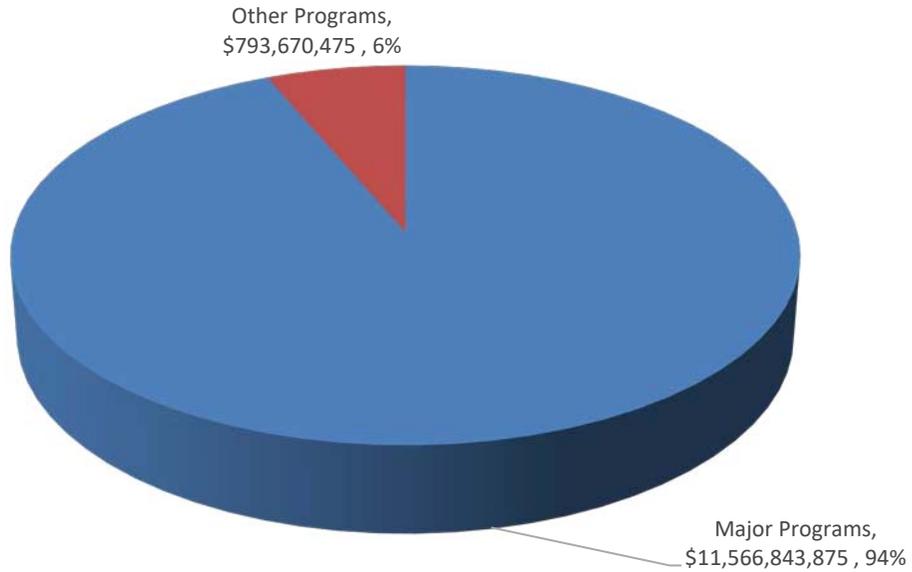
# STATE OF MISSISSIPPI Fiscal Year 2021



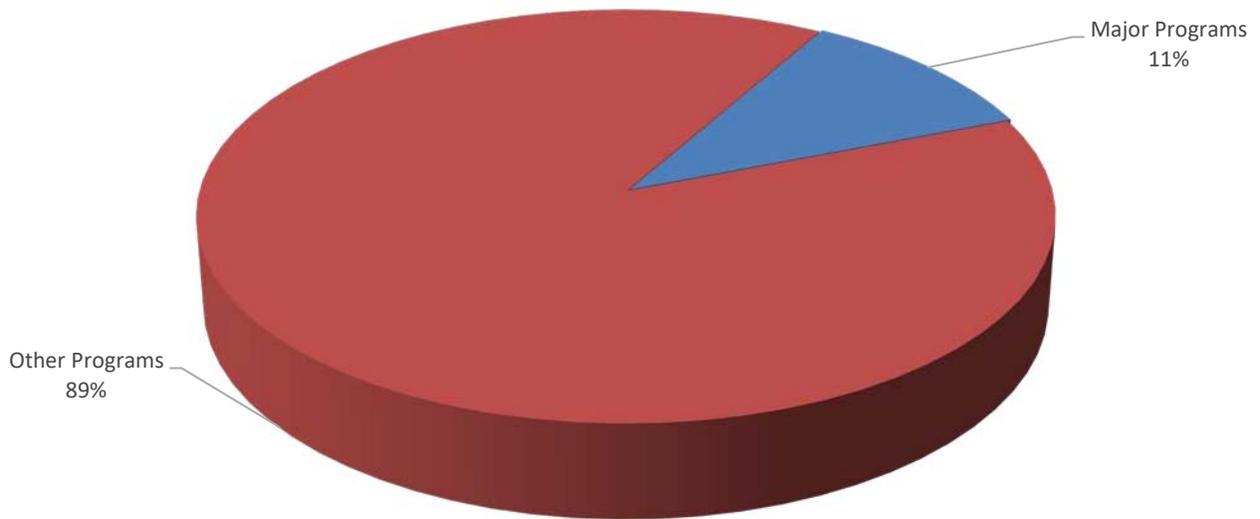
# STATE OF MISSISSIPPI

## Fiscal Year 2021

Percentage of Major Program Assistance, by Dollars  
Total Expenditures of Federal Awards \$10,116,962,851

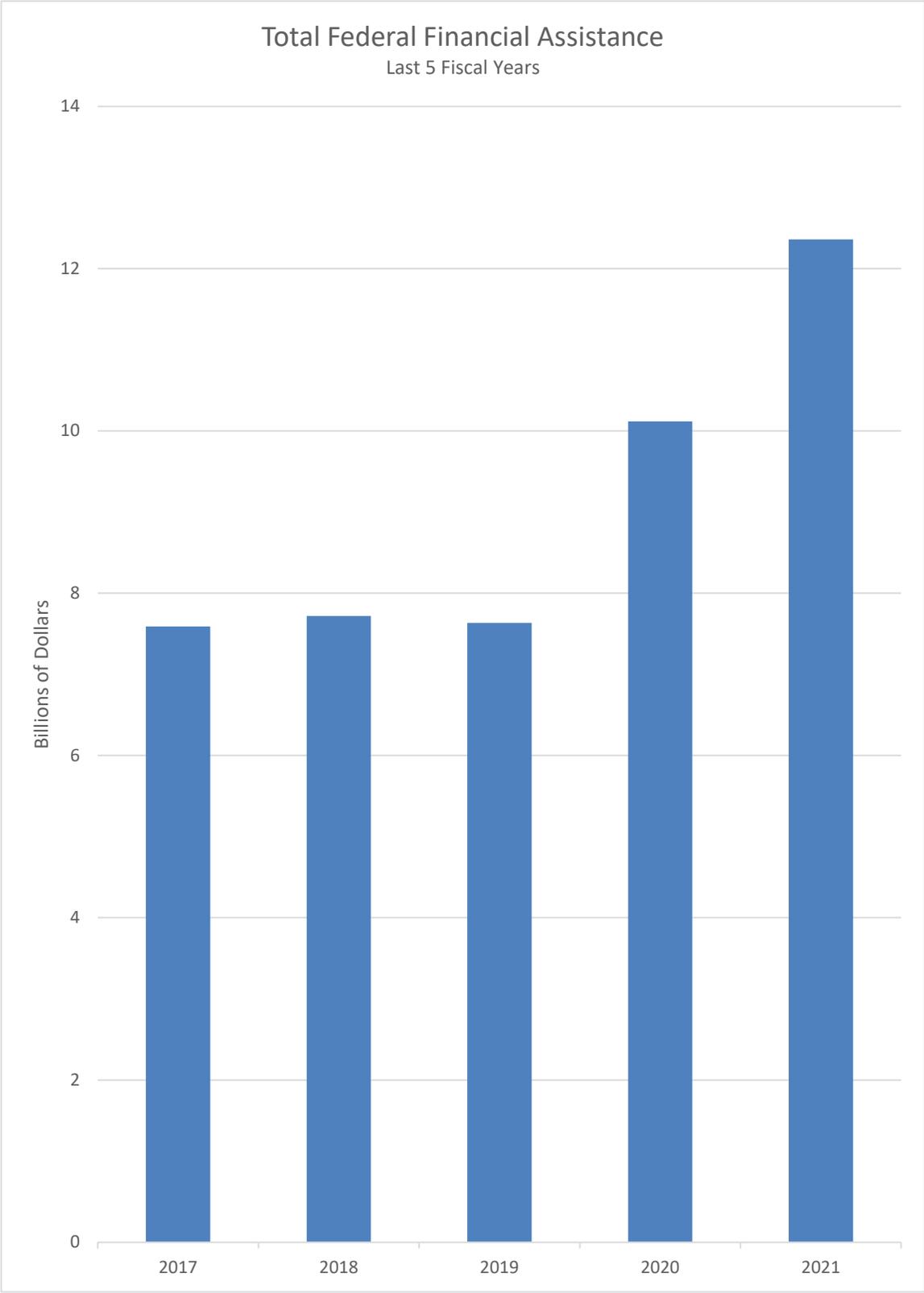


Percentage of Major Program Assistance, by Program  
330 Programs



# STATE OF MISSISSIPPI

## Fiscal Year 2021



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STATE OF MISSISSIPPI

SINGLE AUDIT REPORT

For the Year Ended June 30, 2021

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# I. AUDIT REPORTING



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

**INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the State's basic financial statements, and have issued our report thereon dated April 8, 2022. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the State of Mississippi's financial statements:

▪ Government-wide Financial Statements

• Governmental Activities

- the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation which, in the aggregate, represent 11 percent, 15 percent, and 13 percent, respectively, of the assets, net position, and revenues of the governmental activities;

• Business-type Activities

- AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans' Home Purchase Board, and the Department of Finance and Administration State Life and Health Plan\_which, in the aggregate, represent 63 percent, 63 percent, and 26 percent, respectively, of the assets, net position, and revenues of the business-type activities;

- Component Units
  - the Universities and the nonmajor component units.
- Fund Financial Statements
  - Governmental Funds
    - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation, which, in the aggregate, represent 29 percent, 33 percent, and 12 percent, respectively, of the assets, fund balance, and revenues of the governmental activities;
  - Proprietary Funds
    - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, and the Department of Finance and Administration State Life and Health Plan which are considered major enterprise funds which, in the aggregate, represent 51 percent, 48 percent, and 28 percent, respectively, of the assets, fund balance, and revenues of the proprietary funds;
  - Aggregate Remaining Funds
    - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
    - Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;
    - the Pension Trust Funds;
    - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;

all of which represent 99 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate remaining funds.

Except for the major component unit Universities, this report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters for the major component unit Universities that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund and the State Institutions of Higher Learning Tort Liability Fund, which were audited by other auditors upon whose reports we are relying, were

not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting compliance and other matters associated with these funds or entities.

### **Internal Control over Financial Reporting**

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

Our and the other auditors' consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings", we and other auditors did identify certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs: Part 2 – Financial Statement Findings" as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008, 2021-009, 2021-016, 2021-017, and 2021-018 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. No significant deficiencies were noted.

We and the other auditors also noted certain matters involving the internal control over financial reporting, which we have reported to management of the applicable state agencies and institutions 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 financial statements are free from 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 financial statements. 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.

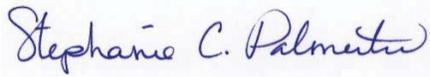
We and the other auditors also noted certain matters which we have reported to management of the State of Mississippi in separate communications.

### **Management's Response to Finding**

Management's response to the findings identified in our audit is described in the accompanying "Management's Response and Corrective Action Plan" section. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive style and is positioned above a light blue rectangular background.

**Stephanie C. Palmertree, CPA, CGMA**  
Director, Financial and Compliance  
Audit Division

Jackson, Mississippi  
April 8, 2022



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

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

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

We and other auditors have audited the State of Mississippi's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs except for the Veterans State Nursing Home Care Program for the year ended June 30, 2021; and we were engaged to audit the State's compliance with the type of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Veterans State Nursing Home Care Program for the year ended June 30, 2021. 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.

The State of Mississippi's basic financial statements include the operations of the State's public universities, as a major component unit within the discretely presented component units, which expended \$1,223,604,258 in federal awards which is not included in the State's schedule of federal awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the public universities because the universities component unit engaged other auditors to perform an audit in accordance with the provisions of Uniform Guidance.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the compliance of the following major programs: National Guard Military Operations and Maintenance, Community Development Block Grant, Immunization Cooperative Agreements, Epidemiology and Laboratory Capacity for Infectious Disease, and Social Security Disability Insurance Cluster, which in total represent 3.2% of the federal expenditures. Those programs were audited by other auditors whose reports have been furnished to us, and our opinions are based solely on the report of the other auditors. This report includes our consideration of the results of the other auditors' testing of compliance and internal control

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
 Report on Internal Control Over Compliance; and Report on Schedule of  
 Expenditures of Federal Awards Required by Uniform Guidance

over compliance that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Mississippi’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our adverse, qualified, and unmodified opinions on compliance for the major federal programs. However, our audit, and the audits of other auditors, do not provide a legal determination of the State of Mississippi’s compliance.

The scope of this audit did not include testing transactions and records from the major federal programs of the public universities of Mississippi. The audit of those federal programs was conducted in accordance with the provisions of Uniform Guidance, and a separate report was issued.

**Summary of Opinions**

ALN(s)	Major Program Name	Type of Opinion
10.542	Pandemic EBT Cards	Qualified
10.557	Supplemental Nutrition Assistance Program (SNAP) for Women, Infants and Children (WIC)	Unmodified
10.558	Child and Adult Care Program	Qualified
10.551, 10.561	Supplemental Nutrition Assistance Program (SNAP)	Qualified
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Unmodified
12.401	National Guard Military Operations and Maintenance	Unmodified
14.228	Community Development Block Grant	Unmodified
17.225	Unemployment Insurance	Adverse
21.019	Coronavirus Relief Fund	Adverse
21.023	Emergency Rental Assistance Program	Qualified
20.205, 20.219, 20.224	Highway Planning and Construction Cluster	Qualified
64.015	Veterans State Nursing Home Care	Disclaimer
84.010	Title I Grants to Local Educational Agencies	Qualified
84.027, 84.173	Special Education Cluster (IDEA)	Qualified
84.425C, 84.425D, 84.425R	Education Stabilization Fund	Qualified
93.268	Immunization Cooperative Agreements	Unmodified
93.323	Epidemiology and Laboratory Capacity for Infectious Disease	Unmodified
93.568	Low-Income Home Energy Assistance Program	Qualified
93.767	Children’s Health Insurance Program (CHIP)	Qualified
93.558	Temporary Assistance for Needy Families (TANF)	Qualified
93.575, 93.596	Child Care Development Fund (CCDF) Cluster	Qualified
93.775, 93.777, 93.778	Medicaid Cluster	Qualified
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Qualified

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
 Report on Internal Control Over Compliance; and Report on Schedule of  
 Expenditures of Federal Awards Required by Uniform Guidance

96.001	Social Security Disability Insurance Cluster	Unmodified
93.667	Social Services Block Grant	Qualified

**Basis for Disclaimer of Opinion on the Veterans State Nursing Home Care Program**

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the State of Mississippi’s compliance with the Reporting compliance requirements applicable to the Veterans State Nursing Home Care Program as described in Finding 2021-051. As a result of this matter, we were unable to determine whether the State of Mississippi complied with requirements applicable to the Veterans State Nursing Home Care Program.

**Disclaimer of Opinion on the Veterans State Nursing Home Care Program**

We do not express an opinion on the State of Mississippi’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Veterans State Nursing Home Care Program. Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion on the Veterans State Nursing Home Care Program, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Veterans State Nursing Home Care Program.

**Basis for Adverse Opinion On the Coronavirus Relief Fund (CRF) and Unemployment Insurance Program**

As described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs,” the State of Mississippi did not comply with requirements regarding the following:

<b>Finding #</b>	<b>ALN</b>	<b>Program/Cluster Name</b>	<b>Compliance Requirement</b>
2021-015	17.225	Unemployment Insurance	Eligibility
2021-022	17.225	Unemployment Insurance	Matching, Level of Effort, Earmarking
2021-023	17.225	Unemployment Insurance	Period of Availability of Federal Funds
2021-024	17.225	Unemployment Insurance	Special Tests and Provisions
2021-025	17.225	Unemployment Insurance	Special Tests and Provisions
2021-026	17.225	Unemployment Insurance	Reporting
2021-027	17.225	Unemployment Insurance	Special Tests and Provisions
2021-029	17.225	Unemployment Insurance	Reporting
2021-043	21.019	Coronavirus Relief Fund	Activities Allowed and Allowable Costs
2021-044	21.019	Coronavirus Relief Fund	Activities Allowed and Allowable Costs
2021-045	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-046	21.019	Coronavirus Relief Fund	Activities Allowed and Allowable Costs
2021-047	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-048	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-049	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-050	21.019	Coronavirus Relief Fund	Activities Allowed and Allowable Costs
2021-052	21.019	Coronavirus Relief Fund	Reporting

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

**Adverse Opinion on Coronavirus Relief Fund (CRF) and Unemployment Insurance Program**

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the State of Mississippi did not comply, in all material respects, with the types of compliance

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
 Report on Internal Control Over Compliance; and Report on Schedule of  
 Expenditures of Federal Awards Required by Uniform Guidance

requirements referred to above that could have a direct and material effect on the Coronavirus Relief Fund and Unemployment Insurance Program for the year ended June 30, 2021.

**Basis for Qualified Opinion on the Pandemic EBT Cards Program, Child and Adult Care Program, Supplemental Nutrition Assistance Program (SNAP), Emergency Rental Assistance Program, Highway Planning and Construction Cluster, Title I Grants to Local Educational Agencies Program, Special Education Cluster (IDEA), Education Stabilization Fund, Low-Income Home Energy Assistance Program, Children’s Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF) Program, Child Care Development Fund (CCDF) Cluster, Medicaid Cluster, Presidential Declared Disaster Assistance to Individuals and Households – Other Needs, and Social Services Block Grant**

As described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal Award Findings and Questioned Costs,” the State of Mississippi did not comply with requirements regarding the following:

<b>Finding #</b>	<b>ALN</b>	<b>Program/Cluster Name</b>	<b>Compliance Requirement</b>
2021-010	93.558, 93.568, 93.667	Temporary Assistance for Needy Families (TANF), Low-Income Home Energy Assistance (LIHEAP), Social Services Block Grant	Reporting
2021-011	10.542	Pandemic EBT Cards	Reporting
2021-012	93.667	Social Services Block Grant	Reporting
2021-013	10.551, 93.558, 93.667, 93.575, 93.596, 93.568	Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families (TANF), Social Services Block Grant, Child Care Development Fund (CCDF) Cluster, Low-Income Home Energy Assistance Program	Subrecipient Monitoring
2021-014	10.551, 93.558, 93.667, 93.575, 93.596, 93.568	Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families (TANF), Social Services Block Grant, Child Care Development Fund (CCDF) Cluster, Low-Income Home Energy Assistance Program	Subrecipient Monitoring
2021-019	20.205	Highway Planning and Construction Cluster	Subrecipient Monitoring
2021-020	20.205	Highway Planning and Construction Cluster	Subrecipient Monitoring
2021-021	20.205	Highway Planning and Construction Cluster	Special Tests and Provisions
2021-028	97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Reporting
2021-029	97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Reporting
2021-030	21.023	Emergency Rental Assistance Program	Reporting
2021-031	21.023	Emergency Rental Assistance Program	Reporting
2021-032	21.023	Emergency Rental Assistance Program	Monitoring
2021-034	10.558	Child and Adult Care Program	Activities Allowed and Allowable Costs
2021-035	84.010, 84.425D	Title I Grants to Local Educational Agencies, Education Stabilization Fund	Reporting
2021-036	84.010	Title I Grants to Local Educational Agencies	Monitoring

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
 Report on Internal Control Over Compliance; and Report on Schedule of  
 Expenditures of Federal Awards Required by Uniform Guidance

2021-037	84.027, 84.173	Special Education Cluster (IDEA)	Monitoring
2021-038	84.010	Title I Grants to Local Educational Agencies	Special Tests and Provisions
2021-039	93.767	Children’s Health Insurance Program (CHIP)	Activities Allowed and Allowable Costs
2021-040	93.778	Medicaid Cluster	Activities Allowed and Allowable Costs
2021-041	93.767, 93.778	Children’s Health Insurance Program (CHIP), Medicaid Cluster	Eligibility
2021-042	93.767	Children’s Health Insurance Program (CHIP)	Special Tests and Provisions
2021-044	84.425D	Education Stabilization Fund	Activities Allowed and Allowable Costs

Compliance with such requirements is necessary, in our opinion, for the State of Mississippi to comply with the requirements applicable to those programs.

**Qualified Opinion on the Pandemic EBT Cards Program, Child and Adult Care Program, Supplemental Nutrition Assistance Program (SNAP), Emergency Rental Assistance Program, Highway Planning and Construction Cluster, Title I Grants to Local Educational Agencies Program, Special Education Cluster (IDEA), Education Stabilization Fund, Low-Income Home Energy Assistance Program, Children’s Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF) Program, Child Care Development Fund (CCDF) Cluster, Medicaid Cluster, Presidential Declared Disaster Assistance to Individuals and Households – Other Needs, and Social Services Block Grant.**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Pandemic EBT Cards Program, Child and Adult Care Program, Supplemental Nutrition Assistance Program (SNAP), Emergency Rental Assistance Program, Highway Planning and Construction Cluster, Title I Grants to Local Educational Agencies Program, Special Education Cluster (IDEA), Education Stabilization Fund, Low-Income Home Energy Assistance Program, Children’s Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF) Program, Child Care Development Fund (CCDF) Cluster, Medicaid Cluster, Presidential Declared Disaster Assistance to Individuals and Households – Other Needs, and Social Services Block Grant for the year ended June 30, 2021.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, based on our audit and the reports of other auditors, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2021. We did not test the transactions and records of the major federal programs administered by the state’s public universities for compliance with any requirements referred to above to determine the effects of such noncompliance, if any.

**Other Matters**

The results of our auditing procedures disclosed one other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by Uniform Guidance

“Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs” as item 2021-033. Our opinion on each major federal program is not modified with respect to this matter.

The responses by state agencies to the noncompliance findings identified in our audit, and the audits of other auditors, are described in the accompanying “Section III – Management Responses and Corrective Action Plans.” Management’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

We also noted other immaterial instances of noncompliance which have been reported to management of the State of Mississippi in separate communications.

### **Report on Internal Control Over Compliance**

The management of the State of Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the State’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance. We excluded the federal programs of the State’s public universities, as discussed in the second paragraph of this report.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We and the other auditors consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 - Federal Award Findings and Questioned Costs” as items 2021-010, 2021-011, 2021-013, 2021-014, 2021-015, 2021-019, 2021-020, 2021-022, 2021-023, 2021-024, 2021-025, 2021-026, 2021-027, 2021-028, 2021-029, 2021-030, 2021-031, 2021-032, 2021-034, 2021-035, 2021-036, 2021-037, 2021-039, 2021-041, 2021-042, 2021-043, 2021-044, 2021-045, 2021-046, 2021-047, 2021-048, 2021-049, 2021-050, 2021-051 and 2021-052 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs: Part 3 – Federal

Independent Auditor’s Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by Uniform Guidance

Award Findings and Questioned Costs” as items 2021-012, 2021-2021, 2021-033, 2021-038, and 2021-040 to be significant deficiencies.

The responses by state agencies to the internal control over compliance findings identified in our audit are described in the accompanying “Section III – Management Responses and Corrective Action Plans.” Management’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is matter of public record and its distribution is not limited.

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

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, 2021, and the related notes to the financial statements, which collectively comprise the State of Mississippi’s basic financial statements. We issued our report thereon dated April 8, 2022 which contained unmodified opinions on those financial statements. We did not audit the financial statements of:

- Government-wide Financial Statements
  - Governmental Activities
    - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers’ Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation which, in the aggregate, represent 11 percent, 15 percent, and 13 percent, respectively, of the assets, net position, and revenues of the governmental activities;
  - Business-type Activities
    - AbilityWorks, Inc. within the Department of Rehabilitation Services, the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, the Veterans’ Home Purchase Board, and the Department of Finance and Administration State Life and Health Plan which, in the aggregate, represent 63 percent, 63 percent, and 26 percent, respectively, of the assets, net position, and revenues of the business-type activities;

Independent Auditor's Report on Compliance For Each Major Federal Program;  
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- Component Units
    - the Universities and the nonmajor component units.
  - Fund Financial Statements
    - Governmental Funds
      - the Department of Environmental Quality Clean Water State Revolving Loan Fund, the Department of Health Local Governments and Rural Water Systems Improvements Revolving Loan Fund, the State Agencies Self-Insured Workers' Compensation Trust Fund, Department of Public Safety, Mississippi Development Authority, Department of Health, Department of Corrections, Mississippi State Hospital, Administrative Office of the Courts – Supreme Court, Boswell Regional Center, Department of Mental Health and selected funds at the Community College Board, Department of Marine Resources, and the Department of Transportation, which, in the aggregate, represent 29 percent, 33 percent, and 12 percent, respectively, of the assets, fund balance, and revenues of the governmental activities;
    - Proprietary Funds
      - the Port Authority at Gulfport, the Mississippi Prepaid Affordable College Tuition Program, and the Department of Finance and Administration State Life and Health Plan which are considered major enterprise funds which, in the aggregate, represent 51 percent, 48 percent, and 28 percent, respectively, of the assets, fund balance, and revenues of the proprietary funds;
    - Aggregate Remaining Funds
      - Nonmajor enterprise funds for AbilityWorks, Inc. within the Department of Rehabilitation Services and the Veterans' Home Purchase Board;
      - Other Employee Benefits Trust Fund – State Life and Health Insurance Plan;
      - the Pension Trust Funds;
      - the Private-Purpose Trust Funds of the Mississippi Affordable College Savings Program;
- all of which represent 99 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate remaining funds.

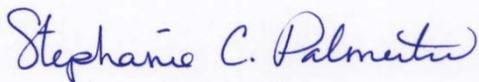
Those statements were audited by other auditors whose reports have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based solely on the reports of the other auditors.

The State of Mississippi has excluded federal programs administered by public universities from the accompanying schedules of expenditures of federal awards, as more fully described in Note 2 to the

Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by Uniform Guidance

schedules. The State's public universities were audited in accordance with statutory requirements and the provisions of Uniform Guidance, and a separate report was issued.

Our audit and the audits of the other auditors were conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards by Federal Department is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**Stephanie C. Palmertree, CPA, CGMA**  
Deputy State Auditor  
Audit Division  
Jackson, Mississippi  
November 11, 2022

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# **Schedule of Expenditures of Federal Awards by Federal Department**



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**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
10.025	Plant and Animal Disease, Pest Control, and Animal Care		543,095	-
10.069	Soil and Water Conservation		1,247,329	-
10.163	Market Protection and Promotion		32,000	-
10.170	Specialty Crop Block Grant Program – Farm Bill		319,650	224,875
10.351	Rural BusinessDevelopment Grant		40,000	-
10.475	Cooperative Agreements with States for Intrastate Meat		1,156,162	-
10.542	Pandemic EBT — Food Benefits		60,868,465	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	80,969,050		2,275,874
10.557	COVID-19 Special Supplemental Nutrition Program for Women, Infants, and Children	6,780,847		-
	<i>Total Special Supplemental Nutrition Program for Women, Infants, and Children</i>		87,749,897	
10.558	Child and Adult Care Food Program		35,071,892	35,071,892
10.560	State Administrative Expenses for Child Nutrition		4,512,036	-
10.578	WIC Grants To States (WGS)		1,051,360	-
10.579	Child Nutrition Discretionary Grants Limited Availability		145,935	145,935
10.580	Supplemental Nutrition Assistance Program Process and Technology Improvement Grants		233,852	-
10.582	Fresh Fruit and Vegetable Program		1,848,801	1,848,801
10.664	Cooperative Forestry Assistance		2,494,732	-
10.902	Soil and Water Conservation		1,197,604	-
10.904	Soil and Water Conservation		705,882	-
10.912	Soil and Water Conservation		4,176,000	405,871
10.916	NRCS Watershed Rehabilitation Program		752,982	-
10.923	Emergency Watershed Protection Program		59,178	-
10.950	Agricultural Statistics Reports		12,500	-
<b>SNAP Cluster</b>				
10.551	Supplemental Nutrition Assistance Program (SNAP)		998,964,965	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		35,770,008	6,250,274
	<b>Total SNAP Cluster</b>		<u>1,034,734,973</u>	
<b>Child Nutrition Cluster</b>				
10.553	School Breakfast Program (SBP)		921,463	921,463
10.555 @	National School Lunch Program (NSLP)	22,093,870		2,961,046
10.555 @	COVID-19 National School Lunch Program	20,063,622		20,063,622
	<i>Total NSLP</i>		42,157,492	
10.556	Special Milk Program for Children (SMP)		2,474	2,474
10.559 @	Summer Food Service Program for Children (SFSPC)		244,987,129	244,987,129
	<b>Total Child Nutrition Cluster</b>		<u>288,068,558</u>	
<b>Food Distribution Cluster</b>				
10.565	Commodity Supplemental Food Program		874,159	874,159
10.568	Emergency Food Assistance Program (Administrative Costs)	1,533,922		534,360
10.568	COVID-19 Emergency Food Assistance Program (Administrative Costs)	428,190		428,190
	<i>Total Emergency Food Assistance Program (Administrative Costs)</i>		1,962,112	
10.569 @	Emergency Food Assistance Program (Food Commodities)		7,808,425	-
	<b>Total Food Distribution Cluster</b>		<u>10,644,696</u>	
<b>Forest Service Schools and Roads Cluster</b>				
10.665	Schools and Roads - Grants to States		4,359,169	-
	<b>Total Forest Service Schools and Roads Cluster</b>		<u>4,359,169</u>	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>1,542,026,748</b></u>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>				
11.407	Inter jurisdictional Fisheries Act of 1986		166,365	-
11.419	Coastal Zone Management Administration Awards		1,214,909	-
11.420	Coastal Zone Management Estuarine Research Reserves		625,455	-
11.434	Cooperative Fishery Statistics		496,680	-
11.454	Unallied Management Projects		298,514	117,128
11.557	Broadband Technology Opportunities Program		4,879,126	-
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<b>7,681,049</b>	
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>				
12.002	Procurement Technical Assistance For Business Firms		351,867	-
12.005	Conservation and Rehabilitation of Natural Resources on Military Installations		1,469,844	-
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		86,347	-
12.400	Military Construction, National Guard		2,247,857	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects		101,119,053	-
12.404	National Guard ChalleNGe Program		4,609,896	-
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>109,884,864</b>	
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
14.228	Community Development Block Grants / State's Program		43,043,731	6,468,569
14.900	Lead-Based Paing Hazard Control in Privately-Owned Housing		95,697	10,684
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>43,139,428</b>	
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>				
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining		182,626	-
15.252	Abandoned Mine Land Reclamation (AMLR) Program		46,172	-
15.608	Fish and Wildlife Management Assistance		75,810	24,989
15.615	Cooperative Endangered Species Conservation Fund		223,859	-
15.622	Sportfishing and Boating Safety Act		97,971	92,947
15.630	Coastal Program		1,267	-
15.634	State Wildlife Grants		30,047	-
15.657	Endangered Species Conservation – Recovery		249,333	-
15.810	National Cooperative Geologic Mapping Program		72,888	-
15.904	Historic Preservation Fund Grants-In-Aid		793,371	-
15.916	Outdoor Recreation – Acquisition, Development and Planning		228,015	-
15.922	Native American Graves Protection and Repatriation Act		34,957	-
15.928	Civil War Battlefield Land Acquisition Grants		795,495	-
15.939	National Heritage Area Federal Financial Assistance		204,944	40,280
15.980	National Ground-Water Monitoring Network		25,699	-
15.981	Water Use and Data Research		2,155	-
<b>Fish and Wildlife Cluster</b>				
15.605	Sport Fish Restoration Program		5,044,788	138,387
15.611	Wildlife Restoration and Basic Hunter Education		4,710,168	-
15.626	Enhanced Hunter Education and Safety		64,334	-
<b>Total Fish and Wildlife Cluster</b>			<b>9,819,290</b>	
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			<b>12,883,899</b>	
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
16.017	Sexual Assault Services Formula Program		276,532	198,776
16.034	Coronavirus Emergency Supplemental Funding		451,971	319,532
16.320	Services for Trafficking Victims		282,351	-
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States		202,483	52,898
16.543	Missing Children's Assistance		355,355	-
16.554	National Criminal History Improvement Program (NCHIP)		396,210	-
16.575	Crime Victim Assistance		19,447,843	6,541,073

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
16.576	Crime Victim Compensation		1,343,692	-
16.588	Violence Against Women Formula Grants		456,642	324,335
16.593	Residential Substance Abuse Treatment for State Prisoners		136,879	136,879
16.606	State Criminal Alien Assistance Program		5,349	-
16.609	Project Safe Neighborhoods		73,101	72,677
16.734	Special Data Collections and Statistical Studies		43,001	-
16.735	PREA Program: Strategic Support for PREA Implementation		6,989	6,989
16.738	Edward Byrne Memorial Justice Assistance Grant Program		1,564,367	1,564,367
16.741	DNA Backlog Reduction Program		852,059	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		190,731	184,019
16.751	BJA PREA Program		45,578	45,578
16.754	Harold Rogers Prescription Drug Monitoring Program		715,253	138,583
16.812	Second Chance Act Reentry Initiative		238,902	145,077
16.816	John R. Justice Prosecutors and Defenders Incentive Act		36,100	-
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program		10,528	-
16.922	Equitable Sharing Program		381,856	-
16.UN1	DEA Task Force		322,053	-
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>27,835,825</b>	
<b>U.S. DEPARTMENT OF LABOR</b>				
17.002	Labor Force Statistics		697,752	-
17.225 #	Unemployment Insurance	1,832,725,521		-
17.225 #	COVID-19 Unemployment Insurance	23,140,422		-
	<i>Total Unemployment Insurance</i>		1,855,865,943	
17.235	Senior Community Service Employment Program		925,736	-
17.245	Trade Adjustment Assistance		138,176	-
17.271	Work Opportunity Tax Credit Program (WOTC)		397,415	-
17.273	Temporary Labor Certification for Foreign Workers		192,992	-
17.277	Workforce Investment Act (WIA) National Emergency Grants	1,333,257		-
17.277	COVID-19 Workforce Investment Act (WIA) National Emergency Grants	1,811,383		-
	<i>Total Workforce Investment Act (WIA) National Emergency Grants</i>		3,144,640	
17.285	Apprenticeship USA Grants		805,730	-
17.600	Mine Health and Safety Grants		48,738	-
	<b>Employment Service Cluster</b>			
17.207	Employment Service / Wagner-Peyser Funded Activities		5,783,243	-
17.801	Disabled Veterans' Outreach Program (DVOP)		1,150,727	-
	<i>Total Employment Service Cluster</i>		6,933,970	
	<b>WIOA Cluster</b>			
17.258	WIA Adult Program		10,567,879	-
17.259	WIA Youth Activities		10,059,297	-
17.278	WIA Dislocated Worker Formula Grants		14,300,751	-
	<i>Total WIOA Cluster</i>		34,927,927	
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>1,904,079,019</b>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
20.200	Highway Research and Development Program		154,079	-
20.218	National Motor Carrier Safety		3,553,508	-
20.232	Commercial Driver's License Program Improvement Grant		282,223	-
20.237	Fed Aviation Adm-FAA		394,477	-
20.505	Fed Transit Auth-FTA		329,447	-
20.509	Formula Grants for Rural Areas	3,417,979		1,898,302
20.509	COVID-19 Formula Grants for Rural Areas	23,948,289		23,678,684
	<i>Total Formula Grants for Rural Areas</i>		27,366,268	
20.614	Fatality Analysis Reporting System		90,081	-
20.615	E-911 Grant Program		56,004	-
20.700	Pipeline Safety Program Base Grant		435,274	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		236,811	-
20.720	Damage Prevention		31,810	-
20.933	National Infrastructure Investments		17,334,842	-

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
<b>Highway Planning and Construction Cluster</b>				
20.205	Highway Planning and Construction		582,922,727	-
20.219	Recreational Trails Program		607,334	-
20.224	Federal Lands Access Program		1,902,705	-
	<b>Total Highway Planning and Construction Cluster</b>		<u>585,432,766</u>	
<b>Transit Services Programs Cluster</b>				
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities		1,294,479	1,294,479
20.516	Job Access and Reverse Commute Program		143,271	123,550
	<b>Total Transit Services Programs Cluster</b>		<u>1,437,750</u>	
<b>Federal Transit Cluster</b>				
20.526	Bus and Bus Facilities Formula Program		3,313,755	2,423,160
	<b>Total Federal Transit Cluster</b>		<u>3,313,755</u>	
<b>Highway Safety Cluster</b>				
20.600	State and Community Highway Safety		7,445,018	6,178,114
	<b>Total Highway Safety Cluster</b>		<u>7,445,018</u>	
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u><b>647,894,113</b></u>	
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast		15,534,198	13,319,108
21.019	Coronavirus Relief Fund		1,197,036,436	1,012,523,289
21.023	Emergency Rental Assistance Program		244,821,665	244,821,665
21.026	Homeowner Assistance Fund		7,228,168	-
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			<u><b>1,464,620,467</b></u>	
<b>APPALACHIAN REGIONAL COMMISSION</b>				
23.002	Appalachian Area Development		6,965,822	-
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects		130,712	-
<b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>			<u><b>7,096,534</b></u>	
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>				
45.025	Promotion of the Arts - Partnership Agreements		764,515	758,815
45.130	Promotion of the Humanities Challenge Grants		6,578	-
45.149	Promotion of the Humanities – Division of Preservation Access		90,242	-
45.310	Grants to States	1,615,562		236,976
45.310	COVID-19 Grants to States	248,651		244,604
	<i>Total Grants to States</i>		<u>1,864,213</u>	
<b>TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			<u><b>2,725,548</b></u>	
<b>SMALL BUSINESS ADMINISTRATION</b>				
59.061	State Trade and Export Promotion Pilot Grant Program		371,626	-
<b>TOTAL SMALL BUSINESS ADMINISTRATION</b>			<u><b>371,626</b></u>	
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>				
64.015	Veterans State Nursing Home Care		41,645,808	-
64.124	All Volunteer Force Educational Assistance		133,521	-
64.203	Veterans Cemetary Grants Program		1,568,708	-
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			<u><b>43,348,037</b></u>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
66.032	State Indoor Radon Grants		24,714	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		382,844	-
66.040	State Clean Diesel Grant Program		88,847	88,847
66.202	Congressionally Mandated Projects		4,179	-
66.204	Multipurpose Grants to States and Tribes		49,642	-
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		97,791	-
66.432	State Public Water System Supervision		1,763,973	-
66.433	State Underground Water Source Protection		47,475	-
66.454	Water Quality Management Planning		148,276	-
66.460	Nonpoint Source Implementation Grants		1,474,198	1,391,020
66.461	EPA Wetlands Program Development		46,535	41,435
66.472	Beach Monitoring and Notification Program Implementation Grants		234,858	-
66.605	Performance Partnership Grants		6,882,359	-
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		91,390	-
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements		115,927	-
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		293,451	-
66.708	Pollution Prevention Grants Program		37,191	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		65,759	-
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		267,052	-
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		651,903	-
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		42,656	-
	<b><u>Clean Water State Revolving Fund Cluster</u></b>			
66.458	Capitalization Grants for Clean Water State Revolving Funds		9,916,957	-
	<b><u>Total Clean Water State Revolving Fund Cluster</u></b>		<b><u>9,916,957</u></b>	
	<b><u>Drinking Water State Revolving Fund Cluster</u></b>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds		11,790,158	-
	<b><u>Total Drinking Water State Revolving Fund Cluster</u></b>		<b><u>11,790,158</u></b>	
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<b>34,518,135</b>	
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>				
81.041	State Energy Program		554,894	-
81.136	DOE Salmon Testing Site		146,175	-
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>701,069</b>	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
84.002	Adult Education – Basic Grants to States		4,454,494	-
84.010	Title I Grants to Local Educational Agencies		203,159,011	200,393,595
84.011	Migrant Education – State Grant Program		835,649	828,048
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		226,113	222,626
84.048	Career and Technical Education – Basic Grants to States		13,183,705	11,978,201
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States		48,452,940	-
84.144	Migrant Education – Coordination Program		36,000	-
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind		274,137	-
84.181	Special Education – Grants for Infants and Families		3,408,479	269,598
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		180,172	-
84.196	Education for Homeless Children and Youth		1,295,518	1,147,883
84.287	Twenty-First Century Community Learning Centers		7,757,183	7,456,941
84.305	Education Research, Development and Dissemination		82,416	-
84.323	Special Education – State Personnel Development		707,307	706,924
84.358	Rural Education		5,369,664	5,112,129
84.365	English Language Acquisition State Grants		1,627,975	1,580,732
84.367	Improving Teacher Quality State Grants		25,995,295	25,452,204
84.368	Competitive Grants for State Assessments		498,104	-

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
84.369	Grants for State Assessments and Related Activities		6,913,218	-
84.372	Statewide Data Systems		1,804,150	-
84.377	School Improvement Grants		2,562,825	2,449,340
84.424	Title IV-SSAE State Activities		13,864,909	13,337,485
84.425C	Governor's Emergency Education Relief	18,734,453		18,734,453
84.425D	Elementary and Secondary Emergency Relief Fund	121,925,341		120,532,241
84.425R	Coronavirus Response and Relief Supplemental Appropriation Act	1,100,809		1,515,248
	<i>Total ESSER</i>		141,760,603	
84.426	Randolph-Sheppard - Financial Relief and Restoration Payments		419,263	-
84.938	Temporary Emergency Impact Aid for Displaced Students		5,436	572
<b>Special Education Cluster (IDEA)</b>				
84.027	Special Education – Grants to States (IDEA, Part B)		123,110,604	112,793,694
84.173	Special Education – Preschool Grants (IDEA, Preschool)		4,030,684	4,030,684
	<b>Total Special Education Cluster (IDEA)</b>		<b>127,141,288</b>	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>612,015,854</b>	
<b><u>GULF COAST ECOSYSTEM RESTORATION COUNCIL</u></b>				
87.051	Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program		1,156,505	66,583
87.052	Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program		2,513,306	308,614
<b>TOTAL GULF COAST ECOSYSTEM RESTORATION COUNCIL</b>			<b>3,669,811</b>	
<b><u>ELECTION ASSISTANCE COMMISSION</u></b>				
90.404	2018 HAVA Election Security Grant	1,585,544		1,585,544
90.404	COVID-19 2018 HAVA Election Security Grant	1,869,423		1,026,365
	<i>Total 2018 HAVA Election Security Grant</i>		3,454,967	
<b>TOTAL ELECTION ASSISTANCE COMMISSION</b>			<b>3,454,967</b>	
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
93.041	Special Programs for the Aging – Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation		28,604	28,604
93.042	Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	61,039		51,041
93.042	COVID-19 Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	132,128		119,926
	<i>Total Special Programs for the Aging – Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals</i>		193,167	
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services		124,275	124,275
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		221,617	84,717
93.052	National Family Caregiver Support, Title III, Part E	912,421		912,421
93.052	COVID-19 National Family Caregiver Support, Title III, Part E	572,683		537,276
	<i>Total National Family Caregiver Support, Title III, Part E</i>		1,485,104	
93.069	Public Health Emergency Preparedness		5,302,576	-
93.071	Medicare Enrollment Assistance Program		301,242	150,062
93.072	Lifespan Respite Care Program		48,923	5,735
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		44,084	-
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		74,420	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		428,794	96,951
93.103	Food and Drug Administration – Research		580,723	-
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		2,336,508	1,800,230
93.110	Maternal and Child Health Federal Consolidated Programs		737,611	666,678
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		628,240	-
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity		188,114	117,673
93.127	Emergency Medical Services for Children		91,352	-

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
93.130	Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Offices		159,480	23,247
93.136	Injury Prevention and Control Research and State and Community Based Programs	3,934,113		1,779,249
93.136	COVID-19 Injury Prevention and Control Research and State and Community Based Programs	32,009		30,424
	<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>		3,966,122	
93.137	Impact of Preschool Obesity Prevention Curriculum Enhanced with Positive Behavioral Support		46,856	-
93.150	Projects for Assistance in Transition from Homelessness (PATH)		156,467	156,467
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children		338,661	31,807
93.217	Family Planning – Services		3,419,169	963,533
93.235	Affordable Care Act (ACA) Abstinence Education Program		860,509	653,117
93.236	Grants to States to Support Oral Health Workforce Activities		338,715	45,859
93.241	State Rural Hospital Flexibility Program		424,444	293,690
93.243	Substance Abuse and Mental Health Services – Projects of Regional and National Significance		1,486,733	1,486,733
93.251	Universal Newborn Hearing Screening		103,027	-
93.262	Occupational Safety and Health Program		109,148	5,010
93.268	Immunization Cooperative Agreements	47,410,599		-
93.268	COVID-19 Immunization Cooperative Agreements	6,455,405		-
	<i>Total Immunization Cooperative Agreements</i>		53,866,004	
93.270	Adult Viral Hepatitis Prevention and Control		116,090	7,850
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance		1,254,780	307,881
93.296	State Partnership Grant Program to Improve Minority Health		31,196	8,308
93.301	Small Rural Hospital Improvement Grant Program	489,102		352,440
93.301	COVID-19 Small Rural Hospital Improvement Grant Program	(30,449)		-
	<i>Total Small Rural Hospital Improvement Grant Program</i>		458,653	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,716,162		47,056
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	41,099,581		601,904
	<i>Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</i>		42,815,743	
93.324	State Health Insurance Assistance Program		367,099	358,360
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels		18,874	-
93.336	Behavioral Risk Factor Surveillance System		295,478	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	156,774		12,701
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	1,524,702		12,268
	<i>Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response</i>		1,681,476	
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs		128,916	-
93.369	ACL Independent Living State Grants		207,116	-
93.387	National and State Tobacco Control Program		114,396	-
93.413	The State Flexibility to Stabilize the Market Grant Program		34,650	-
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		1,918,620	346,954
93.434	Every Student Succeeds Act/Preschool Development Grants		541,352	-
93.464	ACL Assistive Technology		485,216	-
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees		300,997	-
93.498	Provider Relief Fund	725,031		-
93.498	COVID-19 Provider Relief Fund	1,823,579		-
	<i>Total Provider Relief Fund</i>		2,548,610	
93.500	Pregnancy Assistance Fund Program		31,836	5,453
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		2,958,212	-
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers		89,247	-
93.556	Promoting Safe and Stable Families		2,914,912	2,480,694

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
93.558	Temporary Assistance for Needy Families (TANF) State Programs		33,779,157	16,505,255
93.563	Child Support Enforcement		28,050,535	-
93.566	Refugee and Entrant Assistance – State Administered Programs		1,339,185	1,339,185
93.568	Low-Income Home Energy Assistance	33,844,065		30,057,761
93.568	COVID-19 Low-Income Home Energy Assistance	5,798,256		4,666,409
	<i>Total Low-Income Home Energy Assistance</i>		39,642,321	
93.569	Community Services Block Grants	12,542,681		10,659,222
93.569	COVID-10 Community Services Block Grants	8,077,390		6,504,037
	<i>Total Community Services Block Grants</i>		20,620,071	
93.586	State Court Improvement Program		352,533	-
93.590	Community-Based Child Abuse Prevention Grants		76,545	51,226
93.597	Grants to States for Access and Visitation Programs		45,490	-
93.599	Chafee Education and Training Vouchers Program (ETV)		486,953	200,916
93.603	Adoption Incentive Payments		837,713	-
93.630	Developmental Disabilities Basic Support and Advocacy Grants		853,074	644,683
93.644	Adult Medicaid Quality: Improving Maternal and Infant Health Outcomes in Medicaid and CHIP		197,486	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program	3,321,508		3,321,508
93.645	COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	297,163		-
	<i>Total Stephanie Tubbs Jones Child Welfare Services Program</i>		3,618,671	
93.658	Foster Care – Title IV-E		21,757,224	-
93.659	Adoption Assistance		24,073,874	-
93.665	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19		999,110	791,924
93.667	Social Services Block Grant		14,796,553	5,054,418
93.669	Child Abuse and Neglect State Grants		30,726	-
93.671	Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	938,396		642,739
93.671	COVID-19 Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	302,832		302,832
	<i>Total Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services</i>		1,241,228	
93.674	Chafee Foster Care Independence Program	1,152,950		239,640
93.674	COVID-19 Chafee Foster Care Independence Program	829,644		-
	<i>Total Chafee Foster Care Independence Program</i>		1,982,594	
93.686	Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B		13,334	-
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in Part by Prevention and Public Health Funds (PPHF)		156,952	156,952
93.747	Elder Abuse Prevention Interventions Program		8,206	-
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		1,119,754	43,618
93.767	Children's Health Insurance Program	191,733,436		-
93.767	COVID-19 Children's Health Insurance Program	3,341,798		-
	<i>Total Children's Health Insurance Program</i>		195,075,234	
93.788	Opioid STR		5,174,747	5,174,747
93.791	Money Follows the Person Rebalancing Demonstration		72,389	-
93.796	LIC and Cert 16-18		2,253,590	-
93.816	Preventing Heart Attacks and Strokes in High Need Areas		2,807,268	1,035,642
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		58,218	-
93.889	National Bioterrorism Hospital Preparedness Program	1,182,040		455,466
93.889	COVID-19 National Bioterrorism Hospital Preparedness Program	384,600		-
	<i>Total National Bioterrorism Hospital Preparedness Program</i>		1,566,640	
93.898	Cancer Prevention		1,838,358	15,907
93.913	Grants to States for Operation of Offices of Rural Health		188,557	30,850
93.917	HIV Care Formula Grants	10,549,100		1,316,340
93.917	COVID-19 HIV Care Formula Grants	276,303		276,303
	<i>Total HIV Care Formula Grants</i>		10,825,403	
93.940	HIV Prevention Activities – Health Department Based		3,203,709	732,026
93.944	Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		174,533	-
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		387,399	97,444

(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, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
93.958	Block Grants for Community Mental Health Services		4,294,660	4,294,660
93.959	Block Grants for Prevention and Treatment of Substance Abuse		12,329,125	12,329,125
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants		1,107,421	-
93.991	Preventive Health and Health Services Block Grant		791,464	87,494
93.994	Maternal and Child Health Services Block Grant to the States		10,307,519	1,360,711
<b>Aging Cluster</b>				
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	2,278,538		2,278,538
93.044	COVID-19 Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	1,181,708		1,181,708
	<i>Total Special Programs for the Aging</i>		3,460,246	
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	3,096,405		2,371,383
93.045	COVID-19 Special Programs for the Aging – Title III, Part C – Nutrition Services	4,949,253		4,116,884
	<i>Total Special Programs for the Aging – Title III, Part C – Nutrition Services</i>		8,045,658	
93.053	Nutrition Services Incentive Program		1,041,052	1,041,052
	<b>Total Aging Cluster</b>		<u>12,546,956</u>	
<b>CCDF Cluster</b>				
93.575	Child Care and Development Block Grant	71,246,554		9,556,956
93.575	COVID-19 Child Care and Development Block Grant	56,931,886		-
	<i>Total Child Care and Development Block Grant</i>		128,178,440	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		24,391,769	315,187
	<b>Total CCDF Cluster</b>		<u>152,570,209</u>	
<b>Head Start Cluster</b>				
93.600	Head Start		174,993	-
	<b>Total Head Start Cluster</b>		<u>174,993</u>	
<b>Medicaid Cluster</b>				
93.775	State Medicaid Fraud Control Units		2,586,136	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		2,771,857	-
93.778	Medical Assistance Program	4,380,429,485		-
93.778	COVID-19 Medical Assistance Program	355,477,445		-
	<i>Total Medical Assistance Program</i>		4,735,906,930	
	<b>Total Medicaid Cluster</b>		<u>4,741,264,923</u>	
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><b>5,492,496,762</b></u>	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
<b>Foster Grandparent/Senior Companion Cluster</b>				
94.016	Senior Companion Program		198,951	-
	<b>Total Foster Grandparent/Senior Companion Cluster</b>		<u>198,951</u>	
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u><b>198,951</b></u>	
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
95.001	High Intensity Drug Trafficking Areas Program		984,021	-
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>			<u><b>984,021</b></u>	
<b>SOCIAL SECURITY ADMINISTRATION</b>				
96.008	Social Security – Work Incentives Planning and Assistance Program		276,607	-
<b>Disability Insurance / SSI Cluster</b>				
96.001	Social Security – Disability Insurance (DI)		27,013,239	-
	<b>Total Disability Insurance / SSI Cluster</b>		<u>27,013,239</u>	
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>			<u><b>27,289,846</b></u>	

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

**STATE OF MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>ALN</u>	<u>Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures</u>	<u>Amount Passed to Subrecipients</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
97.008	Non-Profit Security Program		421,431	388,048
97.012	Boating Safety Financial Assistance		1,140,618	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		230,489	-
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	62,619,734		59,885,900
97.036	COVID 19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	36,351,131		366,864
	<i>Total Disaster Grants – Public Assistance (Presidentially Declared Disasters)</i>		98,970,865	
97.039	Hazard Mitigation Grant		6,131,561	5,329,558
97.041	National Dam Safety Program		424,362	-
97.042	Emergency Management Performance Grants	4,219,730		150,145
97.042	COVID-19 Emergency Management Performance Grants	206,332		-
	<i>Total Emergency Management Performance Grants</i>		4,426,062	
97.043	State Fire Training Systems Grants		835	-
97.044	Assistance to Firefighters Grant		424,975	-
97.045	Cooperating Technical Partners		2,337,084	-
97.050	Presidentially Declared Disaster Assistance to Individuals and Households - Other Needs	247,155,690		-
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	1,094,475		-
	<i>Total Presidential Declared Disaster Assistance to Individuals and Households - Other Needs</i>		248,250,165	
97.056	FY16 Port Security Grant		970,501	-
97.067	Homeland Security Grant Program		5,043,594	4,810,068
97.082	Earthquake Consortium		32,450	-
97.089	Driver's License Security Grant Program		2,792,785	2,778,057
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>371,597,777</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 12,360,514,350</b>	

**EXPLANATION OF FOOTNOTE REFERENCE:**

Program Number with UN denotes unknown CFDA numbers.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$60,166,427 and federal expenditures of \$1,795,699,516.

@ Denotes federal programs with noncash benefits.

# Schedule of Expenditures of Federal Awards by State Grantee Agency



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# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Agriculture and Commerce</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care		78,659
10.163	Market Protection and Promotion		32,000
10.170	Specialty Crop Block Grant Program – Farm Bill		319,650
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		1,156,162
10.902	Soil and Water Conservation		68,818
10.950	Agricultural Statistics Reports		12,500
	<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>		<b>1,667,789</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.605	Performance Partnership Grants		708,977
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.103	Food and Drug Administration Research		580,723
<b>TOTAL Agriculture and Commerce</b>			<b>2,957,489</b>
<b>Animal Health</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.025	Plant and Animal Disease, Pest Control, and Animal Care		464,436
<b>TOTAL Animal Health</b>			<b>464,436</b>
<b>Archives and History</b>			
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.904	Historic Preservation Fund Grants-In-Aid		793,371
15.922	Native American Graves Protection and Repatriation Act		34,957
15.928	Civil War Battlefield Land Acquisition Grants		795,495
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>		<b>1,623,823</b>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
45.130	Promotion of the Humanities Challenge Grants		6,578
45.149	Promotion of the Humanities – Division of Preservation and Access		90,242
	<b>Total NATIONAL ENDOWMENT FOR THE HUMANITIES</b>		<b>96,820</b>
<b>TOTAL Archives and History</b>			<b>1,720,643</b>
<b>Arts Commission</b>			
<b>NATIONAL ENDOWMENT FOR THE ARTS</b>			
45.025	Promotion of the Arts - Partnership Agreements		764,515
<b>TOTAL Arts Commission</b>			<b>764,515</b>
<b>Attorney General</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.543	Missing Children's Assistance		355,355
16.576	Crime Victim Compensation		1,343,692
16.816	John R. Justice Prosecutors and Defenders Incentive Act		36,100
	<b>Total U.S. DEPARTMENT OF JUSTICE</b>		<b>1,735,147</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.775	State Medicaid Fraud Control Units		2,586,136
<b>TOTAL Attorney General</b>			<b>4,321,283</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Board for Community and Junior Colleges</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.002	Adult Education – Basic Grants to States		4,454,494
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.434	Every Student Succeeds Act/Preschool Development Grants		541,352
<b>TOTAL Board for Community and Junior Colleges</b>			<b>4,995,846</b>
<b>Corrections</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.606	State Criminal Alien Assistance Program		5,349
16.812	Second Chance Act Reentry Initiative		140,689
<b>TOTAL Corrections</b>			<b>146,038</b>
<b>East MS State Hospital</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.498	Provider Relief Fund		529,498
<b>TOTAL Corrections</b>			<b>529,498</b>
<b>Education</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.553	School Breakfast Program (SBP)		921,463
10.555 @	National School Lunch Program (NSLP)	22,093,870	
10.555 @	COVID-19 National School Lunch Program (NSLP)	20,063,622	
	Total NSLP		42,157,492
10.556	Special Milk Program for Children (SMP)		2,474
10.558	Child and Adult Care Food Program		35,071,892
10.559 @	Summer Food Service Program for Children (SFSPC)		244,987,129
10.560	State Administrative Expenses for Child Nutrition		4,512,036
10.579	Child Nutrition Discretionary Grants Limited Availability		145,935
10.582	Fresh Fruit and Vegetable Program		1,848,801
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>			<b>329,647,222</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.010	Title I Grants to Local Educational Agencies		203,159,011
84.011	Migrant Education – State Grant Program		835,649
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		226,113
84.027	Special Education – Grants to States (IDEA, Part B)		123,110,604
84.048	Career and Technical Education – Basic Grants to States		13,183,705
84.144	Migrant Education – Coordination Program		36,000
84.173	Special Education – Preschool Grants (IDEA, Preschool)		4,030,684
84.196	Education for Homeless Children and Youth		1,295,518
84.287	Twenty-First Century Community Learning Centers		7,757,183
84.305	Education Research, Development and Dissemination		82,416
84.323	Special Education – State Personnel Development		707,307
84.358	Rural Education		5,369,664
84.365	English Language Acquisition State Grants		1,627,975
84.367	Supporting Effective Instruction State Grants		25,995,295
84.368	Competitive Grants for State Assessments		498,104
84.369	Grants for State Assessments and Related Activities		6,913,218
84.372	Statewide Longitudinal Data Systems		1,804,150
84.377	School Improvement Grants		2,562,825
84.424	Title IV - SSAE State Activities		13,864,909
84.425D	Elementary and Secondary School Emergency Relief Fund		121,925,341
84.425R	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance for Non-Public Schools (CRRSA EANS)		1,100,809

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
84.938	Disaster Recovery Assistance for Education		5,436
<b>Total U.S. DEPARTMENT OF EDUCATION</b>			<b>536,091,916</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		74,420
<b>TOTAL Education</b>			<b>865,813,558</b>
<b>Emergency Management</b>			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.615	E-911 Grant Program		56,004
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		236,811
<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>292,815</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		230,489
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	62,627,409	
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	29,235,738	
	Total Disaster Grants – Public Assistance (Presidentially Declared Disasters)		91,863,147
97.039	Hazard Mitigation Grant		6,131,561
97.042	Emergency Management Performance Grants	4,219,730	
97.042	COVID-19 Emergency Management Performance Grants	206,332	
	Total Emergency Management Performance Grants		4,426,062
97.082	Earthquake Consortium		32,450
<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>102,683,709</b>
<b>TOTAL Emergency Management</b>			<b>102,976,524</b>
<b>Employment Security</b>			
<b>U.S. DEPARTMENT OF LABOR</b>			
17.002	Labor Force Statistics		697,752
17.207	Employment Service / Wagner-Peyser Funded Activities		5,783,243
17.225 #	Unemployment Insurance	1,832,725,521	
17.225 #	COVID-19 Unemployment Insurance	23,140,422	
	Total Unemployment Insurance		1,855,865,943
17.235	Senior Community Service Employment Program		925,736
17.245	Trade Adjustment Assistance		138,176
17.258	WIA Adult Program		10,567,879
17.259	WIA Youth Activities		10,059,297
17.271	Work Opportunity Tax Credit Program (WOTC)		397,415
17.273	Temporary Labor Certification for Foreign Workers		192,992
17.277	Workforce Investment Act (WIA) National Emergency Grants	1,333,257	
17.277	COVID-19 Workforce Investment Act (WIA) National Emergency Grants	1,811,383	
	Total Workforce Investment Act (WIA) National Emergency Grants		3,144,640
17.278	WIA Dislocated Worker Formula Grants		14,300,751
17.285	Apprenticeship USA Grants		805,730
17.801	Jobs for Veterans State Grants		1,150,727
<b>Total U.S. DEPARTMENT OF LABOR</b>			<b>1,904,030,281</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	247,155,690	
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	1,094,475	
	Total Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		248,250,165
<b>TOTAL Employment Security</b>			<b>2,152,280,446</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Environmental Quality</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.912	Environmental Quality Incentives Program		27,532
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		86,347
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining		182,626
15.252	Abandoned Mine Land Reclamation (AMLR)		46,172
15.608	Fish and Wildlife Management Assistance		31,740
15.810	National Cooperative Geologic Mapping Program		72,888
15.980	National Ground-Water Monitoring Network		25,699
15.981	Water Use and Data Research		2,155
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>		<b>361,280</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
17.600	Mine Health and Safety Grants		48,738
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States		15,361,443
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		382,844
66.040	State Clean Diesel Grant Program		88,847
66.202	Congressionally Mandated Projects		4,179
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		97,791
66.454	Water Quality Management Planning		148,276
66.458	Capitalization Grants for Clean Water State Revolving Funds		9,916,957
66.460	Nonpoint Source Implementation Grants		1,474,198
66.472	Beach Monitoring and Notification Program Implementation Grants		234,858
66.605	Performance Partnership Grants		6,173,382
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		91,390
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements		115,927
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		293,451
66.708	Pollution Prevention Grants Program		37,191
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		65,759
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program		267,052
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		651,903
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		42,656
	<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>		<b>20,086,661</b>
<b>GULF COAST ECOSYSTEM RESTORATION COUNCIL</b>			
87.051	Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program		1,156,505
87.052	Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program		2,356,459
	<b>Total GULF COAST ECOSYSTEM RESORATION COUNCIL</b>		<b>3,512,964</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.041	National Dam Safety Program		424,362
97.045	Cooperating Technical Partners		2,337,084
	<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<b>2,761,446</b>
<b>TOTAL Environmental Quality</b>			<b>42,246,411</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Finance and Administration</b>			
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
21.019	Coronavirus Relief Fund		1,197,036,436
21.023	Emergency Rental Assistance Program		244,821,665
21.026	Homeowner Assistance Fund		7,228,168
<b>TOTAL Finance and Administration</b>			<b>1,449,086,269</b>
<b>Forestry Commission</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.664	Cooperative Forestry Assistance		2,494,732
<b>TOTAL Forestry Commission</b>			<b>2,494,732</b>
<b>Governor's Office</b>			
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.557	Broadband Technology Opportunities Program (BTOP)		4,879,126
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.425C	Governor's Emergency Education Relief Fund		18,734,453
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.600	Head Start		174,993
<b>TOTAL Governor's Office</b>			<b>23,788,572</b>
<b>Health</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	80,969,050	
10.557	COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	6,780,847	
	Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children		87,749,897
10.578	WIC Grants To States (WGS)		1,051,360
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>			<b>88,801,257</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing		95,697
<b>DEPARTMENT OF JUSTICE</b>			
16.017	Sexual Assault Services Formula Program		276,532
16.320	Services for Trafficking Victims		42,743
16.575	Crime Victim Assistance		19,447,843
16.588	Violence Against Women Formula Grants		456,642
16.754	Harold Rogers Prescription Drug Monitoring Program		552,385
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program		10,528
<b>Total DEPARTMENT OF JUSTICE</b>			<b>20,786,673</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.032	State Indoor Radon Grants		24,714
66.204	Multipurpose Grants to States and Tribes		23,960
66.432	State Public Water System Supervision		1,763,973
66.468	Capitalization Grants for Drinking Water State Revolving Funds		11,790,158
<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>			<b>13,602,805</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.136	Long-Term Surveillance and Maintenance		146,175
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.181	Special Education – Grants for Infants and Families		3,408,479

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.069	Public Health Emergency Preparedness		5,302,576
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)		
	Aligned Cooperative Agreements		44,084
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		428,794
93.110	Maternal and Child Health Federal Consolidated Programs		43,519
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		628,240
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity		188,114
93.127	Emergency Medical Services for Children		91,352
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		159,480
93.136	Injury Prevention and Control Research and State and Community Based Programs	3,934,113	
93.136	COVID-19 Injury Prevention and Control Research and State and Community Based Programs	<u>32,009</u>	
	Total Injury Prevention and Control Research and State and Community Based Programs		3,966,122
93.137	Community Programs to Improve Minority Health Grant Program		46,856
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		338,661
93.217	Family Planning – Services		3,419,169
93.236	Grants to States to Support Oral Health Workforce Activities		338,715
93.241	State Rural Hospital Flexibility Program		424,444
93.251	Early Hearing Detection and Intervention		103,027
93.262	Occupational Safety and Health Program		109,148
93.268	Immunization Cooperative Agreements	47,410,599	
93.268	COVID-19 Immunization Cooperative Agreements	<u>6,455,405</u>	
	Total Immunization Cooperative Agreements		53,866,004
93.270	Viral Hepatitis Prevention and Control		116,090
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		1,254,780
93.296	State Partnership Grant Program to Improve Minority Health		31,196
93.301	Small Rural Hospital Improvement Grant Program	489,102	
93.301	COVID-19 Small Rural Hospital Improvement Grant Program	<u>(30,449)</u>	
	Total Small Rural Hospital Improvement Grant Program		458,653
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,716,162	
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	<u>41,099,581</u>	
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		42,815,743
93.334	Healthy Brain Initiative		18,874
93.336	Behavioral Risk Factor Surveillance System		295,478
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	156,774	
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	<u>1,524,702</u>	
	Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		1,681,476
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs		128,916
93.387	National and State Tobacco Control Program		114,396
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		1,918,620
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees		300,997
93.500	Pregnancy Assistance Fund Program		31,836
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers		89,247
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	938,396	
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	<u>302,832</u>	
	Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,241,228
93.686	Ending the HIV Epidemic: A Plan for America		13,334
93.735	State Public Health Approaches for Ensuring Quiltline Capacity –		156,952
93.758	Preventative Health and Health Services Block Grant		1,119,754
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		2,771,857
93.816	Preventing Heart Attacks and Strokes in High Need Areas		2,807,268
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		58,218

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
93.889	National Bioterrorism Hospital Preparedness Program	1,182,040	
93.889	COVID-19 National Bioterrorism Hospital Preparedness Program	384,600	
	Total National Bioterrorism Hospital Preparedness Program		1,566,640
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		1,838,358
93.913	Grants to States for Operation of State Offices of Rural Health		188,557
93.917	HIV Care Formula Grants	10,549,100	
93.917	COVID-19 HIV Care Formula Grants	276,303	
	Total HIV Care Formula Grants		10,825,403
93.940	HIV Prevention Activities Health Department Based		3,203,709
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		174,533
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		387,399
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		1,107,421
93.991	Preventive Health and Health Services Block Grant		791,464
93.994	Maternal and Child Health Services Block Grant to the States		10,307,519
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>157,314,221</b>
	<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		7,115,393
	<b>TOTAL Health</b>		<b>291,270,700</b>
	<b>Human Services</b>		
	<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
10.542	Pandemic EBT — Food Benefits		60,868,465
10.551	Supplemental Nutrition Assistance Program (SNAP)		998,964,965
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		35,770,008
10.565	Commodity Supplemental Food Program		874,159
10.568	Emergency Food Assistance Program (Administrative Costs)	1,533,922	
10.568	COVID-19 Emergency Food Assistance Program (Administrative Costs)	428,190	
	Total Emergency Food Assistance Program (Administrative Costs)		1,962,112
10.569 @	Emergency Food Assistance Program (Food Commodities)		7,808,425
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants		233,852
	<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>		<b>1,106,481,986</b>
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		28,604
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	61,039	
93.042	COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	132,128	
	Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		193,167
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		124,275
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	2,278,538	
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	1,181,708	
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		3,460,246
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	3,096,405	
93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	4,949,253	
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services		8,045,658
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		221,617
93.052	National Family Caregiver Support, Title III, Part E	912,421	
93.052	COVID-19 National Family Caregiver Support, Title III, Part E	572,683	
	Total National Family Caregiver Support, Title III, Part E		1,485,104
93.053	Nutrition Services Incentive Program		1,041,052
93.071	Medicare Enrollment Assistance Program		301,242

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
93.072	Lifespan Respite Care Program		48,923
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		860,509
93.324	State Health Insurance Assistance Program		367,099
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		2,958,212
93.556	MaryLee Allen Promoting Safe and Stable Families Program		2,914,912
93.558	Temporary Assistance for Needy Families (TANF)		33,779,157
93.563	Child Support Enforcement		28,050,535
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		1,339,185
93.568	Low-Income Home Energy Assistance	33,844,065	
93.568	COVID-19 Low-Income Home Energy Assistance	5,798,256	
	Total Low-Income Home Energy Assistance		39,642,321
93.569	Community Services Block Grant	12,542,681	
93.569	COVID-19 Community Services Block Grant	8,077,390	
	Total Community Services Block Grant		20,620,071
93.575	Child Care and Development Block Grant	71,246,554	
93.575	COVID-19 Child Care and Development Block Grant	56,931,886	
	Total Child Care and Development Block Grant		128,178,440
93.590	Community-Based Child Abuse Prevention Grants		76,545
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		24,391,769
93.597	Grants to States for Access and Visitation Programs		45,490
93.599	Chafee Education and Training Vouchers Program (ETV)		486,953
93.603	Adoption and Legal Guardianship Incentive Payments		837,713
93.645	Stephanie Tubbs Jones Child Welfare Services Program	3,321,508	
93.645	COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	297,163	
	Total Stephanie Tubbs Jones Child Welfare Services Program		3,618,671
93.658	Foster Care Title IV-E		21,757,224
93.659	Adoption Assistance		24,073,874
93.667	Social Services Block Grant		14,796,553
93.669	Child Abuse and Neglect State Grants		30,726
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	1,152,950	
93.674	COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	829,644	
	Total John H. Chafee Foster Care Program for Successful Transition to Adulthood		1,982,594
93.747	Elder Abuse Prevention Interventions		8,206
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>365,766,647</b>
	<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		
94.016	Senior Companion Program		198,951
	<b>TOTAL Human Services</b>		<b>1,472,447,584</b>
	<b>Insurance</b>		
	<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
93.413	The State Flexibility to Stabilize the Market Grant Program		34,650
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>34,650</b>
	<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
97.043	State Fire Training Systems Grants		835
97.044	Assistance to Firefighters Grant		424,975
	<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<b>425,810</b>
	<b>TOTAL Insurance</b>		<b>460,460</b>
	<b>Library Commission</b>		
	<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>		
45.310	Grants to States	1,615,562	
45.310	COVID-19 Grants to States	248,651	
	Total Grants to States		1,864,213
	<b>TOTAL Library Commission</b>		<b>1,864,213</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Marine Resources</b>			
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.407	Interjurisdictional Fisheries Act of 1986		166,365
11.419	Coastal Zone Management Administration Awards		1,214,909
11.420	Coastal Zone Management Estuarine Research Reserves		625,455
11.434	Cooperative Fishery Statistics		496,680
11.454	Unallied Management Projects		298,514
	<b>Total U.S. DEPARTMENT OF COMMERCE</b>		<b>2,801,923</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.605	Sport Fish Restoration		471,795
15.622	Sportfishing and Boating Safety Act		97,971
15.939	National Heritage Area Federal Financial Assistance		204,944
	<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>		<b>774,710</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States		172,755
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.461	EPA Wetlands Program Development		46,535
<b>GULF COAST ECOSYSTEM RESTORATION COUNCIL</b>			
87.052	Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program		156,847
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.056	Port Security Grant Program		460,735
97.067	Homeland Security Grant Program		4,560
	<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<b>465,295</b>
<b>TOTAL Marine Resources</b>			<b>4,418,065</b>
<b>Medicaid</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.644	Adult Medicaid Quality: Improving Maternal and Infant Health Outcomes in Medicaid and CHIP		197,486
93.767	Children's Health Insurance Program	191,733,436	
93.767	COVID-19 Children's Health Insurance Program	3,341,798	
	Total Children's Health Insurance Program		195,075,234
93.778	Medical Assistance Program	4,380,429,485	
93.778	COVID-19 Medical Assistance Program	355,477,445	
	Total Medical Assistance Program		4,735,906,930
93.791	Money Follows the Person Rebalancing Demonstration		72,389
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid		2,253,590
	<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>4,933,505,629</b>
<b>TOTAL Medicaid</b>			<b>4,933,505,629</b>
<b>Mental Health</b>			
<b>DEPARTMENT OF JUSTICE</b>			
16.812	Second Chance Act Reentry Initiative		98,213
	<b>Total U.S. DEPARTMENT OF JUSTICE</b>		<b>98,213</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		2,336,508
93.110	Maternal and Child Health Federal Consolidated Programs		694,092
93.150	Projects for Assistance in Transition from Homelessness (PATH)		156,467
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		1,486,733
93.630	Developmental Disabilities Basic Support and Advocacy Grants		853,074
93.665	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19		999,110
93.788	Opioid STR		5,174,747
93.958	Block Grants for Community Mental Health Services		4,294,660
93.959	Block Grants for Prevention and Treatment of Substance Abuse		12,329,125
<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>28,324,516</b>
<b>TOTAL Mental Health</b>			<b>28,422,729</b>
<b>Military Department</b>			
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.400	Military Construction, National Guard		2,247,857
12.401	National Guard Military Operations and Maintenance (O&M) Projects		101,119,053
12.404	National Guard Challenge Program		4,609,896
<b>Total U.S. DEPARTMENT OF DEFENSE</b>			<b>107,976,806</b>
<b>TOTAL Military Department</b>			<b>107,976,806</b>
<b>MS Development Authority</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.351	Rural Business Development Grant		40,000
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.002	Procurement Technical Assistance For Business Firms		351,867
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
14.228	Community Development Block Grants / State's Program		43,043,731
<b>APPALACHIAN REGIONAL COMMISSION</b>			
23.002	Appalachian Area Development		6,965,822
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects		130,712
<b>Total APPALACHIAN REGIONAL COMMISSION</b>			<b>7,096,534</b>
<b>SMALL BUSINESS ADMINISTRATION</b>			
59.061	State Trade Expansion		371,626
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.041	State Energy Program		554,894
<b>TOTAL MS Development Authority</b>			<b>51,458,652</b>
<b>MS State Hospital</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.498	Provider Relief Fund		1,294,081
<b>TOTAL MS State Hospital</b>			<b>1,294,081</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Oil and Gas Board</b>			
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
66.204	Multipurpose Grants to States and Tribes		25,682
66.433	State Underground Water Source Protection		47,475
<b>Total ENVIRONMENTAL PROTECTION AGENCY</b>			<b>73,157</b>
<b>TOTAL Oil and Gas Board</b>			<b>73,157</b>
<b>Board of Pharmacy</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.754	Harold Rogers Prescription Drug Monitoring Program		78,530
<b>TOTAL Board of Pharmacy</b>			<b>78,530</b>
<b>Public Safety</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.034	Coronavirus Emergency Supplemental Funding		451,971
16.320	Services for Trafficking Victims		239,608
16.540	Juvenile Justice and Delinquency Prevention		202,483
16.554	National Criminal History Improvement Program (NCHIP)		396,210
16.593	Residential Substance Abuse Treatment for State Prisoners		136,879
16.609	Project Safe Neighborhoods		73,101
16.734	Special Data Collections and Statistical Studies		43,001
16.735	PREA Program: Strategic Support for PREA Implementation		6,989
16.738	Edward Byrne Memorial Justice Assistance Grant Program		1,564,367
16.741	DNA Backlog Reduction Program		852,059
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		190,731
16.751	Edward Byrne Memorial Competitive Grant		45,578
16.754	Harold Rogers Prescription Drug Monitoring Program		84,338
16.922	Equitable Sharing Program		381,856
16.UN1	DCE/SP Grant		322,053
<b>Total U.S. DEPARTMENT OF JUSTICE</b>			<b>4,991,224</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.218	Motor Carrier Safety Assistance		3,553,508
20.232	Commercial Driver's License Program Implementation Grant		282,223
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements		394,477
20.600	State and Community Highway Safety		7,445,018
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		90,081
<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>11,765,307</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>			
95.001	High Intensity Drug Trafficking Areas Program		984,021
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.008	Non-Profit Security Program		421,431
97.056	Port Security Grant Program		509,766
97.067	Homeland Security Preparedness Technical Assistance Program		5,039,034
97.089	Driver's License Security Grant Program		2,792,785
97.120	Rural Emergency Medical Communications Demonstration Project		
<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>8,763,016</b>
<b>TOTAL Public Safety</b>			<b>26,503,568</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Public Service Commission</b>			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.700	Pipeline Safety Program State Base Grant		435,274
20.720	State Damage Prevention Program Grants		31,810
<b>Total U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>467,084</b>
<b>TOTAL Public Service Commission</b>			<b>467,084</b>
<b>Rehabilitation Services</b>			
<b>U.S. DEPARTMENT OF EDUCATION</b>			
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		48,452,940
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		274,137
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		180,172
84.426	Randolph-Sheppard - Financial Relief and Restoration Payments		419,263
<b>Total U.S. DEPARTMENT OF EDUCATION</b>			<b>49,326,512</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.369	ACL Independent Living State Grants		207,116
93.464	ACL Assistive Technology		485,216
<b>Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>692,332</b>
<b>SOCIAL SECURITY ADMINISTRATION</b>			
96.001	Social Security – Disability Insurance (DI)		27,013,239
96.008	Social Security - Work Incentives Planning and Assistance Program		276,607
<b>Total SOCIAL SECURITY ADMINISTRATION</b>			<b>27,289,846</b>
<b>TOTAL Rehabilitation Services</b>			<b>77,308,690</b>
<b>Secretary of State</b>			
<b>ELECTION ASSISTANCE COMMISSION</b>			
90.404	Election Security Grant	1,585,544	
90.404	COVID-19 Election Security Grant	1,869,423	
	Total Election Security Grant		<b>3,454,967</b>
<b>Total Secretary of State</b>			<b>3,454,967</b>
<b>Soil and Water Conservation Commission</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.069	Conservation Reserve Program		1,247,329
10.902	Soil and Water Conservation		1,128,786
10.904	Watershed Protection and Flood Prevention		705,882
10.912	Environmental Quality Incentives Program		4,148,468
10.916	Watershed Rehabilitation Program		752,982
<b>Total U.S. DEPARTMENT OF AGRICULTURE</b>			<b>7,983,447</b>
<b>TOTAL Soil and Water Conservation Commission</b>			<b>7,983,447</b>
<b>Supreme Court</b>			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.586	State Court Improvement Program		352,533
<b>TOTAL Supreme Court</b>			<b>352,533</b>

(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, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>Transportation</b>			
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.200	Highway Research and Development Program		154,079
20.205	Highway Planning and Construction		582,922,727
20.224	Federal Lands Access Program		1,902,705
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		329,447
20.509	Formula Grants for Rural Areas and Tribal Transit Program	3,417,979	
20.509	COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	<u>23,948,289</u>	
	Total Formula Grants for Rural Areas and Tribal Transit Program		27,366,268
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		1,294,479
20.516	Job Access and Reverse Commute Program		143,271
20.526	Bus and Bus Facilities Formula Program		3,313,755
20.933	National Infrastructure Investments		17,334,842
<b>TOTAL Transportation</b>			<b><u>634,761,573</u></b>
<b>Treasury</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.665	Schools and Roads – Grants to States		<u>4,359,169</u>
<b>TOTAL Treasury</b>			<b><u>4,359,169</u></b>
<b>Veterans Affairs</b>			
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
64.015	Veterans State Nursing Home Care		41,645,808
64.124	All Volunteer Force Educational Assistance		133,521
64.203	Veterans Cemetary Grants Program		1,568,708
<b>Total U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			<u>43,348,037</u>
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>			
93.498	Provider Relief Fund		<u>725,031</u>
<b>TOTAL Veterans Affairs</b>			<b><u>44,073,068</u></b>
<b>Wildlife, Fisheries and Parks</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
10.923	Emergency Watershed Protection Program		<u>59,178</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.005	Conservation and Rehabilitation of Natural Resources on Military Installations		<u>1,469,844</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
15.605	Sport Fish Restoration		4,572,993
15.608	Fish and Wildlife Management Assistance		44,070
15.611	Wildlife Restoration and Basic Hunter Education		4,710,168
15.615	Cooperative Endangered Species Conservation Fund		223,859
15.626	Enhanced Hunter Education and Safety		64,334
15.630	Coastal Program		1,267
15.634	State Wildlife Grants		30,047
15.657	Endangered Species Recovery Implementation		249,333
15.916	Outdoor Recreation Acquisition, Development and Planning		228,015
<b>Total U.S. DEPARTMENT OF THE INTERIOR</b>			<u>10,124,086</u>

(continued)

See accompanying Notes to the Schedules of Expenditures of Federal Awards

# STATE OF MISSISSIPPI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY STATE GRANTEE AGENCY FOR THE YEAR ENDED JUNE 30, 2021

<u>ALN</u>	<u>State Agency/Federal Department/Program Name</u>	<u>COVID-19 Delineation</u>	<u>Federal Expenditures/Distrib utions/Issuances</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
20.219	Recreational Trails Program		607,334
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.012	Boating Safety Financial Assistance		1,140,618
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)		(7,675)
	<b>Total U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<b>1,132,943</b>
<b>TOTAL Wildlife, Fisheries and Parks</b>			<b>13,393,385</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>			<b>\$ 12,360,514,350</b>

**EXPLANATION OF FOOTNOTE REFERENCE:**

Program Number with UN denotes unknown CFDA numbers.

# The total expenditures for CFDA No. 17.225 include state expenditures of \$60,166,427 and federal expenditures of \$1,795,699,516.

@ Denotes federal programs with noncash benefits.

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



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## STATE OF MISSISSIPPI

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### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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#### **NOTE 1: PURPOSE OF THE SCHEDULES**

The accompanying Schedule of Expenditures of Federal Awards is required by and presented in accordance with the Office of Management and Budget's (OMB) *Title 2 of the U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 an Assistance Listing Number (ALN) have been identified. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the Financial Position, Changes in Net Position or Cash Flows of the State.

#### **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 Title 2 of the U.S. Code of Federal Regulations Part 200 (Uniform Guidance). The Schedule of Expenditures of Federal Awards by Federal Department presents a summary of federal awards expended by federal department and ALN. 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 Uniform Guidance, 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 commodities, immunizations 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 Uniform Guidance 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, 2021, federal expenditures, distributions or issuances totaled \$12,360,514,350. This established the threshold for Type A programs as those with federal expenditures, distributions or issuances which exceeded \$30,000,000.

For the fiscal year 2021 audit, there were initially twenty-one programs with expected expenditures exceeding the Type A threshold. Of those twenty-one, no High-Risk Type A programs and no Low-Risk Type A programs fell below the Type A threshold based on actual expenditures. Five additional program were designated Type A before audited procedures had been completed. Appropriate risk assessment procedures were performed, yielding five additional High Risk Type A programs. Therefore, final assessment after audit yielded twenty-six Type A programs. Of these twenty-six programs, three Type A programs were identified as low risk. Risk assessments of Type

## STATE OF MISSISSIPPI

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

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B programs were performed until the appropriate number of high risk Type B programs were identified. Additionally, one Type B program was audited due to Type A classification before actual expenditures were received. Therefore, for fiscal year 2021, twenty-five federal award programs, comprising twenty-three high risk Type A programs and two high risk Type B programs, were audited as major programs for the State of Mississippi.

*Assistance Listings* - The *Assistance Listings* is a government-wide compendium of individual federal programs. Each program included in the listings is assigned a five-digit program identification number (ALN) which is reflected in the accompanying schedules. The first two digits of the ALN designate the federal agency and the last three digits designate the federal assistance program within the federal agency.

For programs that have not been assigned a ALN, the number shown in the Schedule is the federal agency's 2 digit prefix followed by "UN" and digits to identify one or more Federal award lines which form the program.

- *Cluster of Programs* – A grouping of closely related programs with different ALN's that share common compliance requirements is considered a cluster of programs. The accompanying Schedules have been designed to present federal financial assistance information by clusters.
  - *Amount Provided to Subrecipients* – The amount of federal assistance that the State provided to subrecipients under each federal program is presented in a separate column in the accompanying Schedules according to requirements in Uniform Guidance. A subrecipient is defined by Uniform Guidance as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program.
  - *Indirect Cost Rate* – As detailed in Uniform Guidance, State Agencies may elect to charge a de minimis cost rate of 10% of modified total direct costs which may be used indefinitely if said agencies have not previously negotiated a separate indirect cost rate with the federal entity. Except for those agencies listed in Appendix A, all other State agencies covered in this report have elected to use the 10% de minimis rate.
- B. Reporting Entity - The accompanying schedules include all federal programs administered by the State of Mississippi, except for the programs accounted for by the major component unit, Universities, within the component units section of the financial statements, for the year ended June 30, 2021. Expenditures of federal awards provided to the state's public universities and related entities were audited by other auditors in accordance with statutory requirements and the provisions of Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 of the U.S. Code of Federal Regulations Part 200)*; and a separate report issued September 9, 2022.
- 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. Negative amounts reflected in the accompanying Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

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The value of food commodity distributions within the National School Lunch Program 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.

- 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. Expenditures reflected in the ALN 14.228 - Community Development Block Grants/State's program include disbursements made for grants and new loans totaling \$457,967. Program income generated by the program in previous years was used to make these grants and new loan payments. In subsequent years, the program income generated from the repayment of 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, 2020, the outstanding loan balance for the program totaled \$3,806,395.
- C. The Unemployment Insurance program (ALN 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 ALN. The breakdown of the state and federal portions of the total program expenditures is as follows:

State Portion	\$60,166,427
Federal Portion	<u>1,795,699,516</u>
Total	<u>\$1,855,865,943</u>

- D. The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State's Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020,

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

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the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies. Total CRF grant expenditures, as reported under DFA in the State’s Schedule of Federal Expenditures, totaled \$1,197,036,463 as of June 30, 2021. These expenditures were expended by state agencies under the prime recipient as follows:

<u>State Agency</u>	<u>Expenditures</u>
Administrative Offices of the Court	\$ 2,121,785
Attorney General's Office	147,898
Department of Agriculture and Commerce	7,914,238
Department of Corrections	14,356,758
Department of Education	187,310,893
Department of Employment Security	216,582,402
Department of Finance and Administration	383,673,863
Department of Mental Health	1,361,193
Department of Revenue	1,499,999
Development Authority	161,786,171
Emergency Management Agency	122,714,895
Information Technology Service	6,132,311
Office of the State Auditor*	640,875
Secretary of State	265,358
State Department of Health	87,879,020
Veterans Affairs Board	<u>2,648,777</u>
	\$ 1,197,036,436

\*costs paid to the Office of the State Auditor were audit fees related to CRF funds

- E. Expenditures reflected in ALN 66.458 - Capitalization Grants for Clean Water 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 Mississippi Department of Environmental Quality. 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, 2021, was \$394,794,336. Total disbursements for new loans for the year ended June 30, 2021, totaled \$31,894,894. Administrative costs associated with the program for the year ended June 30, 2021, totaled \$1,267,938.
  
- F. Expenditures reflected in ALN 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, 2021, was \$170,872,358. Total disbursements for new loans made during fiscal year 2021 totaled \$13,983,281. Administrative costs associated with the program for the year ended June 30, 2021, totaled \$689,642.

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

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G. State Aid Road Construction is a division of the Mississippi Department of Transportation (MDOT). Federal financial assistance in the amount of \$38,122,591 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 ALN. A listing of these programs follows:

<u>ALN</u>	<u>Program Name</u>
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10.555	National School Lunch Program (NSLP)
10.559	Summer Food Service Program for Children (SFSPC)
10.569	Emergency Food Assistance Program (Food Commodities)

- *ALN 10.555 — National School Lunch Program received \$42,157,492 including cash assistance and noncash assistance. Cash assistance totaled \$22,985,568 and noncash assistance totaled \$19,171,924.*
- *ALN 10.559 — Summer Food Service Program for Children expended \$244,987,129 including cash assistance and noncash assistance. Cash assistance totaled \$244,715,408 and noncash assistance totaled \$271,721.*
- *ALN 10.569 — Emergency Food Assistance Program (Food Commodities) expended \$7,808,425 all of which was in noncash assistance.*

I. Contingencies.

The State of Mississippi has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the State.

The Office of the Governor – Division of Medicaid has been notified by the Centers for Medicare and Medicaid Services (CMS) of a potential claim relative to potential overpayments by CMS under Medical Assistance Program grants that may have been made between 1981 and 2009 to a number of states, including Mississippi. CMS is working with the Division of Medicaid, as well as various other states, to resolve the discrepancies. The amount questioned by CMS approximates \$28 million for the Division of Medicaid.

Additionally, the Division of Medicaid has also been notified by the Office of the Inspector General (OIG) of a potential claim relative to unallowable school-based Medicaid administrative costs for federal fiscal years 2010 through 2012. The amount determined by the OIG to be unallowable was \$21,200,000.

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

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J. The State of Mississippi's major federal programs for the year ended June 30, 2021, were based on federal expenditures/distributions/issuances and risk assessments as defined in Note 2:A. Those programs are as follows:

<b>CFDA Number</b>	<b>Program Name</b>
10.542	Pandemic EBT Food Benefits
	<b>Supplemental Nutrition Assistance Program Cluster</b>
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
	<b>Child Nutrition Cluster</b>
10.553	School Breakfast Program (SBP)
10.555	National School Lunch Program (NSLP)
10.556	Special Milk Program for Children (SMP)
10.559	Summer Food Service Program for Children (SFSP)
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.228	Community Development Block Grants
17.225	Unemployment Insurance
	<b>Highway Planning and Construction Cluster</b>
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
20.224	Federal Lands Access Program
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
64.015	Veterans State Nursing Home Care
84.010	Title I Grants to Local Educational Agencies
	<b>Special Education Cluster (IDEA)</b>
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA Preschool)
84.425	Education Stabilization Fund (ESF)

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

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93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families (TANF)
93.568	Low-Income Home Energy Assistance
	<b>CCDF Cluster</b>
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667*	Social Services Block Grant
93.767	Children's Health Insurance Program
	<b>Medicaid Cluster</b>
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program (Medicaid; Title XIX)
	<b>Disability Insurance/SSI Cluster</b>
96.001*	Social Security Disability Insurance
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

\* Denotes a Type B Program

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

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**Appendix “A”**

The following state agencies have negotiated an indirect cost rate and have not opted to use the de minimis rate of 10% as allowed in Uniform Guidance:

Board of Animal Health  
Department of Agriculture & Commerce  
Department of Education  
Department of Employment Security  
Department of Environmental Quality  
Department of Finance & Administration  
Department of Health  
Department of Human Services  
Department of Marine Resources  
Department of Mental Health  
Department of Rehabilitation Services  
Department of Transportation  
Department of Wildlife Fisheries & Parks  
Division of Medicaid  
Mississippi Attorney General  
Mississippi Community College Board  
Mississippi Development Authority  
Mississippi Emergency Management  
Mississippi Military Department  
Mississippi Veterans Affairs  
Soil and Water Conservation Commission

# **Schedule of Findings and Questioned Costs**

## **Part 1 – Summary of Auditor’s Results**



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**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**PART 1 - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified?  X yes  no
- Significant deficiencies identified?  X yes  none reported

Noncompliance material to financial statements noted?  yes  X no

***Federal Awards***

Internal control over major programs:

- Material weaknesses identified?  X yes  no
- Significant deficiencies identified?  X yes  none reported

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

**Summary of Opinions**

ALN(s)	Major Program Name	Type of Opinion
10.542	Pandemic EBT Cards	Qualified
10.557	Supplemental Nutrition Assistance Program (SNAP) for Women, Infants and Children (WIC)	Unmodified
10.558	Child and Adult Care Program	Qualified
10.551, 10.561	Supplemental Nutrition Assistance Program	Qualified
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster	Unmodified
12.401	National Guard Military Operations and Maintenance	Unmodified
14.228	Community Development Block Grant	Unmodified
17.225	Unemployment Insurance	Adverse
21.019	Coronavirus Relief Fund	Adverse
21.023	Emergency Rental Assistance Program	Qualified
20.205, 20.219, 20.224	Highway Planning and Construction Cluster	Qualified
64.015	Veterans State Nursing Home Care	Disclaimer
84.010	Title I Grants to Local Educational Agencies	Qualified

84.027, 84.173	Special Education Cluster (IDEA)	Qualified
84.425C, 84.425D, 84.425R	Education Stabilization Fund	Qualified
93.268	Immunization Cooperative Agreements	Unmodified
93.323	Epidemiology and Laboratory Capacity for Infectious Disease	Unmodified
93.568	Low-Income Home Energy Assistance Program	Qualified
93.767	Children's Health Insurance Program (CHIP)	Qualified
93.558	Temporary Assistance for Needy Families (TANF)	Qualified
93.575, 93.596	Child Care Development Fund (CCDF) Cluster	Qualified
93.775, 93.777, 93.778	Medicaid Cluster	Qualified
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	Qualified
96.001	Social Security Disability Insurance Cluster	Unmodified
93.667	Social Services Block Grant	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

  X   yes

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

<b>CFDA Number</b>	<b><u>Major Program Identification</u></b>
10.542	Pandemic EBT Cards
	<u>SNAP Cluster</u>
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Program
	<u>Child Nutrition Cluster</u>
10.553	Child Nutrition Cluster
10.555	Child Nutrition Cluster
10.556	Child Nutrition Cluster
10.559	Child Nutrition Cluster
12.401	National Guard Military Operations and Maintenance
14.228	Community Development Block Grant
17.225	Unemployment Insurance
	<u>Highway Planning and Construction Cluster</u>
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
20.224	Federal Lands Access Program
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Funding
64.015	Veterans State Nursing Home Care
84.010	Title I Grants to Local Educational Agencies
	<u>Special Education Cluster (IDEA)</u>
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)

Education Stabilization Fund

- 84.425D Elementary and Secondary School Emergency Relief Fund
- 84.425C Governor’s Emergency Education Relief Fund (GEER)
- 84.425R Coronavirus Response and Relief Supplemental Appropriations Act, Non-public schools

- 93.268 Immunization Cooperative Agreements
- 93.323 Epidemiology and Laboratory Capacity for Infectious Disease
- 93.558 Temporary Assistance for Needy Families (TANF) State Programs
- 93.568 Low Income Home Energy Assistance Program

CCDF Cluster

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

- 93.667\* Social Services Block Grant
- 93.767 Children’s Health Insurance

Medicaid Cluster

- 93.775 State Medicaid Fraud Control Units
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
- 93.778 Medical Assistance Program

- 96.001\* Disability / SSI Cluster
- 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other needs

\*Denotes a Type B Program

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

          \$30,000,000          

Auditee qualified as low-risk auditee?

       yes      X   no

# **Schedule of Findings and Questioned Costs**

## **Part 2 – Financial Statement Findings**



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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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PART 2 – FINANCIAL STATEMENT FINDINGS

**Introduction**

This part of the Schedule of Findings and Questioned Costs presents audit findings classified as material weaknesses, significant deficiencies and material noncompliance that are related to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Findings are arranged in order by state agency. Each finding has one of the following designations:

- ❖ **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the state’s financial statements will not be prevented, or detected and corrected on a timely basis.
- ❖ **Significant Deficiency** – A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- ❖ **Material Noncompliance** – Matters coming to the auditor’s attention relating to the state’s compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts.

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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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PART 2 – FINANCIAL STATEMENT FINDINGS

**Finding Number**      **Finding and Recommendation**

**DEPARTMENT OF CORRECTIONS**

**MATERIAL WEAKNESS**

**2021-005**                      Strengthen Controls Over Canteen Services Compensation.

**Repeat Finding**              Yes; 2020-019; Material Weakness Finding.

**Criteria**                      Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all Funds.

*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that reconciliations of accounting data be timely and detailed in order to ensure accuracy and reliability.

**Condition**                      The Mississippi Department of Corrections (MDOC) has contracted with Premier Supply Link, LLC (Premier) to provide canteen services to inmates statewide. The contract is a net-of-fee contract whereby Premier provides canteen services and MDOC is compensated based on a determined percentage of the retail sales of canteen items to inmates. The MDOC relies on Premier invoices and supporting documentation related to retail sales to determine MDOC's compensation accounted for in the Inmate Welfare Fund. There is no review of Premier's monthly calculation of MDOC's compensation and verification of the retail sales and supporting documentation.

**Cause**                              The Mississippi Department of Corrections' accounting policies and procedures do not provide for verification of the canteen sales.

**Effect**                              The lack of proper controls over canteen commissions could allow for inadvertent errors or fraud related to canteen commissions.

**Recommendation**              Management should implement a more detailed process for the review and approval of the canteen services compensation. As a part of this process, management should consider performing an annual audit of the canteen services information utilized to determine the canteen compensation. Additionally, the Mississippi Department of

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)**

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Corrections should consider having Premier obtain a Service Organization Control (SOC) 1 report to provide independent verification of adequacy of their system of controls.

**Views of Responsible  
Officials**

The Mississippi Department of Corrections concurs with the finding. See additional information in Management's Corrective Action Plan at page 245.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF EDUCATION

**SIGNIFICANT DEFICIENCY**

**2021-006**                      Strengthen Controls Over the Preparation of the Federal Grant Activity Schedule.

**Repeat Finding**            Yes; 2020-12; Material Weakness.

**Criteria**                      *The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.60* states, “The Federal Grant Activity schedule supports amounts reported on the GAAP Packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act...and the State’s audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports.”

**Condition**                      The Mississippi Department of Education (MDE) did not update the Grant Schedule for all changes to grants amounts, grant numbers, and grant dates that occurred during the fiscal year. During testwork of the Grant Schedule, the auditor noted errors in reporting for programs. Examples of these errors include:

- One instance in which the sub-grantees’ expenditures of \$20,064,934 were not properly captured on either the Subgrant Schedule form 27.30.70 or on the Grant Schedule form 27.30.60 in the column for amounts passed to sub-grantees.
- Two instances in which the grant number per the Grant Schedule did not agree to the grant number assigned to the federal award in Mississippi Accountability System for Government Information and Collaboration (MAGIC).
- Eight instances in which the grant award per the Grant Schedule did not agree with the grant award.
- Five instances in which the grant funding period end date reported on the Grant Schedule did not match the grant funding period end date per the grant award.
- One instance in which the cumulative expenditures for the federal subprogram per the Grant Schedule exceeded the allocated amount assigned by the agency to the federal subprogram within the block grant.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)**

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- Three instances in which the grant number reported on the Grant Schedule did not match the grant number listed on the grant award.

**Cause** The Mississippi Department of Education did not enforce proper internal control structures over the preparation of the Federal Grant Activity Schedule and allowed multiple errors in the schedule to remain by agency personnel.

**Effect** Without proper internal control structures over the preparation of the Federal Grant Activity Schedule, erroneous grant numbers, grant award amounts, and “Amount Passed to Subrecipients” could be reported on the Federal Grant Activity Schedule. In addition, the errors would be passed thru to the State’s Schedule of Federal Expenditures and could result in reporting errors on the State’s Single Audit Report.

**Recommendation** We recommend the Mississippi Department of Education strengthen controls over the preparation of the Federal Grant Activity Schedule to ensure all grant award information and amounts reported are accurate and correct.

**Views of Responsible Officials** The Mississippi Department of Education concurs with the finding. See additional information in Management’s Corrective Action Plan at page 247.

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STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF EMPLOYMENT SECURITY

MATERIAL WEAKNESS

2021-008                    Strengthen Controls over the Unemployment Insurance Benefits Paid.

Repeat Finding        Yes; 2020-007; Material Weakness.

Criteria                    *The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as authorization, approval, verification, and adherence to policy and procedures are implemented and followed. These activities are essential to minimizing the risk of fictitious claims and misstated financial position.

The *Mississippi State Code Annotated (1972) §71-5-511* states that one is eligible to receive benefits that “has been unemployed for a waiting period of one (1) week”; “participates in reemployment services, such as job search assistance services, if, in accordance with a profiling system established by the department, it has been determined that he is likely to exhaust regular benefits and needs reemployment services”; “is able to work, available for work and actively seeking work”.

The *Mississippi State Code Annotated §71-5-505(1)* states “For weeks beginning on or after July 1, 1991, each eligible individual who is totally unemployed or part totally unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his wages, if any, payable to him with respect to such week which is in excess of Forty Dollars (\$40.00).”

The *Mississippi State Code Annotated §71-5-513* describes reason for separation that disqualifies the individual as “(a) For the week, or fraction thereof, which immediately follows the day on which he left work voluntarily without good cause, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case; however, marital, filial and domestic circumstances and obligations shall not be deemed good cause within the meaning of this subsection. Pregnancy shall not be deemed to be a marital, filial or domestic circumstance for the purpose of this subsection. (b) For the week, or fraction thereof, which immediately follows the day on which he was discharged for misconduct connected with his work, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case. (c) The burden of proof of good cause for leaving work shall be on the claimant, and the burden of proof of misconduct shall be on the employer.”

Condition                    The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted by the federal government in response to the COVID-19 pandemic required state

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)**

---

unemployment agencies to increase the amount of benefits paid to claimants. Additionally, claimants were able to collect unemployment payments for an expanded time frame, and claimants who would otherwise not qualify for benefits (such as independent contractors and self-employed persons) were able to qualify for benefits. In order to process the multitude of claims in an expeditious manner, Mississippi Department of Employment Security (MDES) opted to override the existing controls designed in the internal control system. Proven and tested controls over Unemployment Insurance claims were altered or disregarded for the periods of March 2020 through December 2020. Controls altered for the claims submitted in the noted timeframes were:

- Waived; One week waiting period; March 8, 2020 – December 26, 2020;
- Waived; Work Search Requirements; March 8, 2020 – August 8, 2020;
- Waived; Able to work, Available to work, and Actively Seeking Work (A&A); March 8, 2020 – September 26, 2020;
- Altered; Weekly Earning Allowance increased from \$40 to \$200; May 3, 2020 – September 26, 2020; and
- Altered; Reason for separation from *ALL* employers in base period changed to separation from *MOST RECENT* employer; March 8, 2020 - September 26, 2020.

Additionally, claims were approved without social security number verification during the period March 2020 – May 2020.

Due to these controls being ignored or overridden, MDES was unable to properly monitor the immense influx of claims and to properly vet those claims for fraud. During fiscal year 2021, total unemployment benefit claims increased from \$2,146,060,996 (fiscal year 2020) to \$2,475,899,125 (fiscal year 2021), a 15% increase. Overpayments of benefits was noted to increase from \$117,948,403 (fiscal year 2020) to \$473,787,010 (fiscal year 2021), a 301% increase. These payments include:

- Payments made to individuals who never lost or had a reduction in wages;
- Fraudulent payments due to stolen identity;
- Payments made to incarcerated individuals; and
- Payments made due to international unemployment fraud.

In particular, MDES inadvertently allowed incarcerated individuals to receive payment when the control that required claimants to verify that they were “actively seeking work” was waived. Incarcerated individuals were then able to apply for benefits and receive approval without any additional verification from MDES.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART – 2 Financial Statement Findings (continued)**

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MDES personnel were initially overwhelmed by the influx of claims and were unable to accurately report the amount of increased loss the State was subject too, and were unable to adequately monitor the fraud that was reported by individuals when they received notification of benefits received.

**Cause** MDES did not have proper internal controls in place due to overriding or waiving existing controls. This caused MDES the inability to verify that unemployment claims were paid to proper claimants.

**Effect** Failure to properly enable controls and follow policies and procedures increases the risk of fraud and misappropriation, which can result in material misstatements of financial statements. The waiver of strict controls on Unemployment Insurance benefits resulted in an increase of known overpayments of 301% from fiscal year 2020 to fiscal year 2021.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures to ensure internal controls are never disabled or circumvented. Additionally, we recommend further analysis of the overpayments of unemployment claims be performed in order to maximize the potential for recovery of fraudulent payments.

**Views of Responsible Officials** The Mississippi Department of Employment Security does not concur with the finding. See additional information in Management’s Corrective Action Plan at page 263; and the Auditor’s Response to the Corrective Action Plan at page 65 and 271.

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**2021-016** Strengthen Controls over the Reconciliation of the State’s Financial Accounting System (MAGIC) to the Third-Party Unemployment Software (ReEmploy).

**Repeat Finding** Yes; 2020-006; Material Weakness.

**Criteria** *The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO and the U.S. Government Accountability Office *Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05* states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.

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*The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 2.10.20 states that Proprietary Funds apply accrual accounting principles appropriate for business enterprises.*

**Condition**

The Mississippi Department of Employment Security (MDES) records statutorily required GAAP entries in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) software during year-end by utilizing summarized reports from the Unemployment Software – ReEmploy. The majority of the summarized reports used are historical reports that are incapable of being reproduced due to ReEmploy reporting values as of close of business day that the queries are ran. MDES currently does not save transactional reports that corroborate with summarized reports used and required significant time to produce adequate support of summarized values used in GAAP entries recorded. MDES required a period of multiple weeks to four months to provide support to audit requests for GAAP entries recorded.

During review of the supporting documentation for GAAP entries recorded by MDES, Auditors noted several material misstatements due to incorrect values being used, due to portions of entries being unrecorded, and due to improper revenue recognition.

As a result of these incorrect values and improper revenue recognition, the following misstatements were noted:

- Accounts receivable were understated by \$58,935,428;
- Allowance for doubtful accounts were understated by \$30,646,422;
- Due to federal government was understated by \$127,078,028;
- Unearned revenue was understated by \$13,259,379; and
- Subsidies was understated by \$98,789,022.

Additionally, MDES does not currently have a transactional accounting system for Enterprise Funds. MDES uses internal trial balances created from daily and monthly banking activity worksheets. These worksheets only show summarized transactions and creates a poor environment for auditors to trace individually selected transactions to amounts recorded by MDES. Due to MDES not utilizing MAGIC as the accounting system for Enterprise Funds, which requires supporting documentation for entries recorded, auditors had to reconcile transactional support provided by MDES and determine the reasoning behind differences noted between transactional support and summarized values. Due to MDES only using banking activity and ReEmploy summarized reports for financial reporting of Enterprise Funds, MDES does not have an adequate control environment over individual transactional review.

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**Cause** The Mississippi Department of Employment Security (MDES) did not properly reconcile amounts amalgamated in the reports from ReEmploy to the financial information. MDES only performed financial statement reconciliations of unemployment data annually at the end of the fiscal year. The information was also not entered into the statewide accounting system MAGIC but once at year-end. These untimely reconciliations and agreement of financial statements to ReEmploy caused excessive delays in the preparation of financial statements of MDES.

Additionally, MDES operates on a cash basis accounting for transactions in Enterprise Funds and relies on year-end GAAP entries to present on a modified-accrual basis. Enterprise Funds are required to be reported on an accrual basis throughout the entire year.

**Effect** Failure to properly record accruals and failure to perform timely and accurate reconciliations of data greatly increase the risk of fraud and misappropriation of assets and liabilities, which can result in material misstatements of financial statements. Several accounts were understated for fiscal year 2021 and required material audit adjustments to correctly report the financial status of the Mississippi Department of Employment Security.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls to ensure accrual entries are correct and to record entries in the statewide accounting system more frequently than once annually. Additionally, personnel should complete timely and accurate reconciliations to ensure information is reported correctly.

**Views of Responsible Officials** The Mississippi Department of Employment Security concurs with the finding. See additional information in Management’s Corrective Action Plan at page 267.

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**2021-017** Strengthen Controls over the Identification of Unemployment Benefit Overpayments.

**Repeat Finding** No.

**Criteria** *GASB Statement 62, paragraph 83 (Reporting a Change in Accounting Estimate)* states the effect of a change in accounting estimate should be accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods in the change affects both.

The *Mississippi State Code Annotated (1972) §71-5-517* states that any benefits erroneously paid to claimant may be set up as an overpayment to the claimant; and must be liquidated before any future benefits can be paid to the claimant.

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PART – 2 Financial Statement Findings (continued)**

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*The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05 states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.*

**Condition**

The Mississippi Department of Employment Security (MDES) adopted a change in the calculation of the unemployment benefit overpayment allowance for doubtful accounts estimate for overpayments recorded in ReEmploy (the unemployment software utilized by MDES) as of June 30, 2021. Auditor notes that using the previous method to calculate the allowance for doubtful accounts would result in an uncollectable percentage of 68% whereas the new method lowered the uncollectable percentage to 52%. MDES reported the uncollectable percentage as 88.75% in the prior year. During the review of the new accounting estimate calculation, auditor noted MDES did not properly document the purpose nor reason for the change in the method. Despite the decrease in the percentage calculated, auditor noted the balance reported for allowance for doubtful accounts of \$246,798,051 increased 150% from the prior year reported balance of \$98,674,383.

Secondly, MDES used incorrect values to record additional overpayments recorded in ReEmploy as of June 30, 2021. MDES incorrectly reconciled amounts pulled using two separate ReEmploy queries by using Pandemic Unemployment Assistance (PUA) program disbursements for documented Pandemic Emergency Unemployment Compensation (PEUC) program disbursements. Auditor noted the use of PUA disbursements improperly increased MDES Accounts Receivable account balances by \$1,080,926.16.

Additionally, during review of a sample of 320 unemployment benefit payments recorded by MDES during fiscal year 2021, the auditor noted 12 duplicate payments in the amount of \$3,007 that were not properly recorded by MDES as an overpayment for future collections. During fiscal year 2021, MDES disbursed a total of \$2,475,899,125 in unemployment benefit payments. Due to the duplicate payments not being recorded by MDES, auditor determined a projected material misstatement of \$60,016,354 in potential overpayments was not recorded by MDES.

**Cause**

The Mississippi Department of Employment Security (MDES) did not evaluate the change of methodology used in the accounting estimate concerning the allowance of doubtful accounts. Also, MDES currently does not perform a review on duplicate payments for payments made with the same close week ending denoted within ReEmploy – unemployment benefit payment system. MDES solely relies on controls built within ReEmploy to prevent duplicate payments. Additionally, MDES did not use appropriate federal program disbursement totals for year-end GAAP entries.

**Effect**

Departure from historical methodology in calculation of accounting estimates without proper documentation and disclosures may result in material effects to account balances not being appropriately disclosed to report end users. Several accounts were understated for fiscal year 2021 and required material audit adjustments to correctly report the financial status of MDES.

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**Recommendation** We recommend the Mississippi Department of Employment Security follow guidance from the Governmental Accounting Standards Board (GASB) when making significant changes to accounting estimates used in final financial reported account balances.

Additionally, we recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures concerning unemployment benefit payments to ensure the approved maximum benefit is paid to eligible claimants.

We further recommend the Mississippi Department of Employment Security strengthen controls to ensure accrual entries are correct and to record entries in the statewide accounting system more frequently than once annually. Additionally, personnel should complete timely and accurate reconciliations to ensure information is reported correctly.

**Views of Responsible Officials**

The Mississippi Department of Employment Security concurs with the finding. See additional information in Management’s Corrective Action Plan at page 267.

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**2021-018** Strengthen Controls over the Overpayments of Employer Contributions.

**Repeat Finding** No.

**Criteria** The *Mississippi State Code Annotated (1972) §71-5-383* states the commission is authorized and empowered to refund, without interest, such contributions, interest, and penalties as it may determine were paid erroneously by an employer, or may make or authorize an adjustment thereof in connection with subsequent contribution payments, provided the employer shall make written application for such refund or adjustment within three (3) years to the last day of the calendar year in which the services of individuals in employment, with respect to which such contributions were erroneously paid, were performed. For like cause and within the same period, adjustment or refund may be made on the commission’s own initiative.

Additionally, Mississippi Department of Employment Security *Administrative Code 600.03* states overpayment of contributions by an employer for one period may be credited on subsequent contributions due.

**Condition** During review of employer assessments collected by the Mississippi Department of Employment Security (MDES) during fiscal year 2021, the auditor noted MDES improperly recorded overpayments of employer assessments as revenue. Per discussion with agency personnel, employers were issued assessment letters that improperly denoted the employer as delinquent towards required employer tax payments. Due to this designation, employers were required to pay the highest assessment rate plus penalties, which created a credit due to the employer once the proper tax rate was applied to the employer’s assessment. MDES recorded \$13,259,380 in employer overpayments in fiscal year 2021 compared to \$605,644 in fiscal year 2020 (an increase of 2,089%). MDES did not reach out to employers

**STATE OF MISSISSIPPI  
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who submitted payment towards the improperly rated assessments at the time of discovery of the error. Communication was not made to these employers until asked by auditor if MDES had communicated to employers their current credit balance. MDES's current policy requires employers to request in writing a refund from MDES within three years of the established credit balance to receive assessments that were paid erroneously. Once the three year window has passed, MDES removes the remaining employer credit balance from employers' accounts without final notification that the credit will soon expire. As of June 30, 2021, MDES has removed \$5,772,837.80 of expired employer credits.

Additionally, MDES did not effectively communicate between divisions the policies and procedures of accounting for employer overpayments. The Tax Division of MDES communicated that MDES must wait a period of three years to claim any employer overpayment balance as revenue. However, the Business Management Division of MDES improperly recognizes revenue immediately for any and all employer overpayments as they are received. The improper recognition of employer overpayments as revenue during fiscal year 2021 created a material misstatement by understating Unearned Revenue by \$13,259,380.

**Cause** The Mississippi Department of Employment Security (MDES) did not have proper controls in place to communicate with employers that improper rates were used in calculation of the employer's required assessment. Additionally, MDES does not effectively communicate policies and procedures within divisions concerning the recognition of revenue of employer overpayments.

**Effect** Failure to notify employers of improperly excessive assessment rates used in employer assessment calculations can result in employers not requesting a refund within the statutory requirement of three years from the established overpayment. Additionally improperly recording overpayments as revenue before the statutory requirement of three years may result in material misstatements in reported revenue balances.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures to ensure employer overpayments are properly recorded. Additionally we recommend communicating with employers when overpayments are established due to improper assessment rates being used in the assessment calculation.

**Views of Responsible Officials** The Mississippi Department of Employment Security does not concur with the finding. See additional information in Management's Corrective Action Plan at page 268; and the Auditor's Response to the Corrective Action Plan at page 66 and 272.

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**STATE OF MISSISSIPPI  
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STATE AUDITOR**

**Auditor's note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management**

*Material Weakness*

**2021-008      Controls Should be Strengthened over Unemployment Insurance Benefits Paid.**

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration cross matches
- 4) Internet Protocol Address checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

- 1) Interstate Suspicious Actor Repository to match claims across states
- 2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
- 3) Data Analytic tools
- 4) Fraud Alert Systems
- 5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

### ***Material Weakness***

#### **2021-018      Strengthen Controls over the Overpayments of Employer Contributions.**

According to multiple conversations with MDES personnel during the audit, MDES immediately recognized employer overpayments as “Revenue” and moved the amounts to their Trust Fund from their clearing account, which is a violation of generally accepted accounting principles as the money has not actually been “earned” until the passage of the required three years.

Moreover, the MDES response states that they provide three forms of responses to employers regarding their overpayments; however, this was not the practice in fiscal year 2021 until this matter was brought to Management’s attention by the auditors. Auditors informed Management of this issue prior to December 2021, so any action taken by the MDES Chief of Tax as outlined in the response was in reaction to the lack of controls over employer contributions, and therefore cannot be used as a validation of the existence of controls. MDES states that these overpayments can be refunded to the employer if the employer requests such a refund in writing; or the request could be given at MDES discretion without a corresponding request. MDES needs to ensure employers are aware of overpayments so that they can request these refunds, if so desired.

In conclusion, MDES needs to strengthen controls over employer overpayments so that the State’s employers are not penalized by an error in MDES’ system and can be refunded overpayments timely.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION**

**MATERIAL WEAKNESS**

**2021-002**                    Strengthen Controls Over the Change Logs of the Statewide Payroll and Human Resource System (SPAHRs).

**Repeat Finding**        Yes; 2018-008, 2019-014 and 2020-04; Material Weakness Findings.

**Criteria**                    Good internal controls dictate that all transactions and other significant events be clearly documented and readily available for examination. This audit trail, or security audit log, documentation should include evidence on how transactions are initiated, processed, recorded, and summarized. Proper audit trail documentation also includes evidence of transactions that may have been voided, deleted, or changed after approval and initiation. A “change log” should also be maintained that summarizes any changes, especially those in the production environment. Periodic reconciliations between the change log and a list of approved changes should be performed to ensure all changes have been approved and authorized.

**Condition**                During testwork performed for fiscal year 2021, we noted the following:

- Security logging was not enabled in the Natural Security log settings.
- Reconciliations between approved changes and changes occurring in the change log are not being performed.

**Cause**                      There are inadequate controls surrounding SPAHRs security logging.

**Effect**                      Failure to log transactional changes adequately and to periodically review logs for appropriateness could result in untimely modification of data, security configuration changes, or fictitious transactions.

**Recommendation**      We recommend that the Department of Finance and Administration enable the Natural Security logging functionality and strengthen controls over the periodic review of such logs.

**Views of Responsible Officials**                    The Mississippi Department of Finance and Administration concurs with the finding. See additional information in Management’s Corrective Action Plan at page 291.

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**2021-003**                    Require Chief Fiscal Officers of State Agencies to hold Minimum Accounting Qualifications and Attend Mandatory Training.

**Repeat Finding**        Yes; 2016-012, 2017-006, 2018-024, 2019-015 and 2020-010; Material Weakness Findings

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<b>Criteria</b>	<p><i>Section 7-7-3 Miss. Code Ann. (1972)</i> states that the State Fiscal Officer (as defined by <i>Section 21-104-6 Miss. Code Ann. (1972)</i> as the Executive Director of the Department of Finance and Administration shall conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the statewide accounting system.</p> <p><i>Section 7-7-211 Miss. Code Ann. (1972)</i> authorizes the State Auditor to establish training course and programs for the personnel of the various state and local governmental entities. These courses shall include, but are not limited to, topics on internal control, purchasing and property, governmental accounting and financial reporting, and internal auditing.</p> <p><i>The Internal Control – Integrated Framework</i> published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there is a commitment to competence that demonstrates a commitment to retain competent employees. This principle of competency can be achieved through analysis of skills required for positions, training and development training.</p>
<b>Condition</b>	<p>During testing for fiscal year 2020, we noted, through inquiry and observation, that the overall expertise level of accounting staff in various state agencies was not consistent, and that job requirements often did not specify applicants hold any specific accounting or governmental knowledge. We also noted that, although the Department of Finance and Administration (DFA) held GAAP conversion and accounting training courses to aid state agencies in compiling financial information, it was not a mandatory requirement and often agency personnel did not attend. Likewise, qualification and skill requirements were not consistently applied to Chief Financial Officers throughout the various state agencies.</p> <p>The lack of overall understanding and application of proper accounting standards required the centralized accounting function of the state, DFA, to prepare significant adjusting and reclassification entries in order to prevent material misstatement. While the majority of entries would not have materially misstated accounts individually, in the aggregate, without adjustment, the financials would have been materially misstated.</p>
<b>Cause</b>	Lack of consistently applied agency qualifications for accounting personnel.
<b>Effect</b>	The failure of the State to hire and retain competent staff could result in material misstatement of the financial statements.
<b>Recommendation</b>	We recommend the Department of Finance and Administration implement mandatory training sessions for accounting personnel and Chief Fiscal Officers. Additionally, we recommend the State of Mississippi implement minimum qualifications for Chief Financial Officers.
<b>Views of Responsible Officials</b>	Management at the Department of Finance and Administration concurs with the finding. See additional information in Management's Corrective Action Plan on Page 292.

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DEPARTMENT OF HUMAN SERVICES

MATERIAL WEAKNESS

2021-001                    Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.

Repeat Finding        Yes; 2020-008; Material Weakness.

Criteria                    The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

The *Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05* states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.

*MAAPP Manual Section 30.20.10* states, “While each state employee has personal responsibility for maintaining internal controls, the agency head is ultimately responsible and must assume ownership for internal control. All agency management must support the agency’s internal control philosophy, promote compliance, and maintain control within their areas of responsibility. Chief financial officers have key oversight and policy enforcement roles over fiscal matters. Other agency managers may hold lead responsibility for compliance with non-financial aspects of laws, directives, policies, procedures, and the code of ethics... Agencies are to maintain adequate written documentation for activities conducted in connection with risk assessments, internal control reviews, and follow-up actions. This documentation is to be available for review by agency management, the Office of State Auditor, and DFA.”

Condition                    The Mississippi Department of Human Services (MDHS) operates by dividing daily operations into different departments with different functions. During the audit for FYE June 30, 2021, we noted that the different departments do not communicate and exchange information. For example, the Grant Schedule is created using information for the state fiscal end. These accruals and expenditures are not reconciled with the TANF Programmatic Division’s federal fiscal year end reporting. The agency does not have in place any overarching policies to ensure the integrity and accuracy of information between divisions. Additionally, policies and procedures in Budgets and Account and Grants Management divisions are often unwritten or out of date. Lastly, the auditor noted that MDHS does not maintain written policies and procedures over the review and approval of the Federal Subgrant Activity Schedule. In the aggregate, these instances result in a material weakness in the agency’s overall control environment. Examples of these errors include:

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- Two instances in which the amounts recorded as “Passed to Subrecipients” were coded to the incorrect CFDA number on the Schedule of Federal Grant Activity.
- Nineteen instances in which amounts recorded as amounts passed to sub-grantees on the Federal Subgrant Activity Schedule (form 27.30.30) did not agree to amounts recorded as “amounts passed to subrecipients” on the Schedule of Federal Grant Activity.
- Ninety-six instances in which amounts recorded as “Current Year Subgrant Federal Expenditures” on the Federal Subgrant Activity Schedule (form 27.30.70) did not agree to supporting documentation as provided by the agency.
- One hundred forty-seven instances in which the amounts recorded as “Paid to Sub-grantee” per the Federal Subgrant Activity Schedule (form 27.30.70) did not agree to amounts reported on the KOB1 report (Internal Order Report) within the Mississippi Accountability System for Government Information and Collaboration (MAGIC).

**Cause** The Mississippi Department of Human Services did not possess or enforce proper internal controls structures over financial reporting. Additionally, management has not enforced a commitment to competence at the agency, and has allowed multiple errors in financial reporting to remain undetected by agency personnel. Lack of written policies has contributed to agency personnel not performing adequate reviews over financial information. Lastly, different departments within the agency do not communicate and reconcile accounting information between them to verify the accuracy of that reported information.

**Effect** Without proper internal control structures over financial reporting, erroneous financial statements and corresponding schedules could be compiled, resulting in a misrepresentation of the financial standing of the Mississippi Department of Human Services.

**Recommendation** We recommend management at the Department of Human Services evaluate internal control procedures over the review and approval of GAAP Packet information and the Federal Sub-Grant Activity Schedule. Additionally, we recommend existing staff obtain the needed training to be able to accurately report and review financial information, and that the agency develop overarching policies aimed at ensuring communication about and reconciliation of financial statement information is performed regularly.

**Views of Responsible Officials** The Mississippi Department of Human Services concurs with the finding. See additional information in Management’s Corrective Action Plan at page 301.

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PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF MARINE RESOURCES

**MATERIAL WEAKNESS**

**2021-004**                      Strengthen Controls Over Financial Reporting.

**Repeat Finding**            Yes; 2020-014; Material Weakness.

**Criteria**                      Per GASB Statement 33 related to voluntary nonexchange transactions, cash and other assets that are provided in advance should be reported as unearned revenues [liabilities] by recipients until allowable costs have been incurred. At this point, revenues should be recognized for amount of the programmatic expenditures.

In addition, the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy of information reported to ensure that transactions are recorded in the proper period and that invoices are not recorded twice.

**Condition**                      During audit testing of federal revenue, for fund 5345300000, it was noted that federal grant revenue received in fiscal year 2021 were recorded as unearned revenue instead of matching programmatic expenditures that were incurred in fiscal year 2021. As a result, revenues were understated and liabilities were overstated by \$6,051,392. In addition, expenditures in the prior year were overstated and fund balance understated by \$496,616 due to double counting of an invoice in fiscal year 2020, resulting in a prior period adjustment.

**Cause**                              The Mississippi Department of Marine Resources did not possess or enforce proper internal controls structures over financial reporting. Errors in reporting revenue and related liabilities were not identified in a timely manner. In addition, an invoice was booked twice in the prior year.

**Effect**                              The ending fund balance of fund 5345300000 was materially understated by \$6,548,008, and required an adjustment to correct the ending balance. The adjusted fund balance at the end of the year should be \$899,997.

**Recommendation**            We recommend that the Mississippi Department of Marine Resources strengthen controls over the preparation and review of financial statements to ensure that errors are identified and corrected in a timely manner.

**Views of Responsible Officials**            The Mississippi Department of Marine Resources concurs with the finding; however, they do not agree that it constitutes a material weakness in internal controls. See additional information in Management’s Corrective Action Plan at page 309.

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PART – 2 Financial Statement Findings (continued)

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DEPARTMENT OF PUBLIC SAFETY

MATERIAL WEAKNESS

2021-009                      Strengthen Controls Over Financial Reporting.

Repeat Finding              Yes, 2020-016.

**Criteria**                      The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

**Condition**                      During the audit, it was noted that the due to and from balances between Mississippi Department of Public Safety intra-agency funds did not balance and eliminate when consolidated. The Fingerprint Fund (3371H00000) billed the Highway Patrol Fund (2271100000) for services provided between fiscal years 2014 – 2021. The Fingerprint Fund recognized revenue and the related due from balance. However, Highway Patrol Fund did not record the offsetting expense and due to balance. Management concluded that the due from balance recorded in the Fingerprint Fund was not collectible.

**Cause**                              The Mississippi Department of Public Safety’s internal controls were not designed to reconcile the due to and from balances for intra-agency funds that were not required to submit a GAAP package to the Mississippi Department of Finance and Administration. In addition, internal controls were not designed to analyze due from balances for collectability.

**Effect**                              The Mississippi Department of Public Safety’s assets were overstated by approximately \$1,203,568, current period revenues were overstated by approximately \$11,328 and the beginning fund balance was overstated by \$1,192,240. As a result of this misstatement, and audit adjustment was recorded.

**Recommendation**              We recommend the Mississippi Department of Public Safety (DPS) strengthen internal controls over financial reporting to ensure that due to and from balances reconcile to supporting schedules and other DPS funds. We also recommend that DPS assess the due from balances on an annual basis to ensure that they are collectible.

**Views of Responsible Officials**              The Mississippi Department of Public Safety concurs with the finding. See additional information in Management’s Corrective Action Plan at page 311.

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DIVISION OF MEDICAID

MATERIAL WEAKNESS

2021-007                      Strengthen Controls Over the Preparation and Review of the Schedule of Expenditures of Federal Awards.

**Repeat Finding**            Yes; 2020-011; Material Weakness.

**Criteria**                      *The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when control activities exist. This includes a review performed to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP) manual Section 27.30.60* states, “The Federal Grant Activity schedule supports amounts reported on the GAAP Packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act...and the State’s audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports.”

**Condition**                      During the audit of the Mississippi Division of Medicaid for fiscal year ended June 30, 2021, we became aware of ineffective processes and/or procedures relating to internal controls over financial reporting and the Schedule of Expenditures of Federal Awards. In the aggregate, these instances resulted in a material weakness in the agency’s overall control environment. The following exceptions were noted:

- One instance in which the “Grant Period End Date” per the Schedule of Expenditures of Federal Awards did not agree with the “Grant End Date” per the Grant Award. Incorrect dates could lead to monies being expended past the period of performance of the grant.
- Two instances in which the amount listed in the grant award section of the Schedule of Expenditures of Federal Awards did not agree with the Grant Award.
- Three instances in which expenditures per the Schedule of Expenditures of Federal Awards did not agree to the Mississippi Accountability System for Government Information and Collaboration (MAGIC), resulting in adjustments of \$23,849,744 to the Schedule of Expenditures of Federal Awards.
- Three instances in which federal expenditures were recorded as state expenditures in Mississippi Accountability System for Government Information and Collaboration (MAGIC) and were not included on the

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART – 2 Financial Statement Findings (continued)**

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Schedule of Expenditures of Federal Awards, resulting in adjustments of \$15,684,719.

- One instance in which the State’s portion of an accrual was not recorded in Mississippi Accountability System for Government Information and Collaboration (MAGIC), resulting in adjustments of \$29,235,528.
- Agency does not perform a reconciliation of the Schedule of Expenditures of Federal Awards to MAGIC.

The lack of adequate controls over the Schedule of Expenditures of Federal Awards and the Claims Payable calculation resulted in the following:

- Accounts Receivable was understated by \$42,129,340;
- Subsidies Loans and Grants was understated by \$42,129,340;
- Due from Federal Government was overstated by \$10,545,495;
- Unearned Federal Revenue was overstated by \$5,881,659; and
- Federal Revenue was overstated by \$4,663,836.

**Cause** The Mississippi Division of Medicaid (“Medicaid”) did not possess or enforce proper internal control structures. Additionally, Agency did not properly review and reconcile grant schedule information and did not perform review over crucial aspects of financial reporting.

**Effect** Without proper internal control structures over financial reporting, erroneous financial statements and corresponding schedules could be compiled, resulting in a misrepresentation of the financial standing of the Mississippi Division of Medicaid. Failure to properly ensure the CFDA numbers and amounts are correct on the Federal Grant Activity Schedule could result in reporting errors on the State’s Single Audit Report.

**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls over the preparation and review of the Schedule of Expenditures of Federal Awards and Claims Payable calculation to ensure all grant award information and amounts reported are accurate and correct.

**Views of Responsible Officials** The Mississippi Division of Medicaid concurs with the finding. See additional information in Management’s Corrective Action Plan at page 321.

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**Schedule of Findings and Questioned Costs**  
**Part 3 – Federal Award Findings and Questioned**  
**Costs**



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STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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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 *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.16*

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 Appendix XI to the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*.

Each finding has one of the following designations:

- ❖ **Material Weakness** – *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.
- ❖ **Significant Deficiency** – *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
- ❖ **Material Noncompliance** – Conditions representing noncompliance with the provisions of laws, regulations, contracts or grant agreements, that in the auditor’s judgment 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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

Finding Number      Finding and Recommendation

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DEPARTMENT OF EDUCATION

ACTIVITIES ALLOWED/ALLOWABLE COSTS

*Material Weakness*

*Material Noncompliance*

**2021-034**                      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).

**ALN Number**                      10.558 Child and Adult Care Food Program

**Federal Award No.**              All Current Active Grants

**Pass-through Entity**              N/A

**Questioned Costs**                \$126,191

**Criteria**                              *Code of Federal Regulations (7 CFR 226.15(e))* states, each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records. At a minimum, the following records shall be collected and maintained:

- Documentation of the enrollment of each participant at centers and child at day care homes. Such documentation of enrollment must be updated annually, signed by a parent or legal guardian, and include information on each child's normal days and hours of care and the meals normally received while in care.
- Daily records indicating the number of participants in attendance and the daily meal counts, by type (breakfast, lunch, supper, and snacks), served to family day care home participants, or the time of service meal counts, by type (breakfast, lunch, supper, and snacks), served to center participants.
- Copies of invoices, receipts, or other records required by the State agency financial management instruction to document: administrative costs claimed by the institution; operating costs claimed by the institution except sponsoring organizations of day care homes; and income to the program.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “Organizations that participate in the CACFP are required to maintain enrollment information for each participant attending the center. The enrollment form must be updated ANNUALLY and when required information has changed. Failure to maintain a current enrollment form on each participant will result in the disallowance of meals and repayment of Program funds. ... Each enrollment form must contain the following: Participant’s Name, Date of Birth, Home Address, Medical Information, Name and phone number of a person to be contacted in case of emergency, Signature of Parent/Guardian, Participant’s Signature (or that of another responsible adult)-Adult Day Care, Date Signed, Enrollment and Withdrawal Dates, Meals Needed, Days and Hours of Care.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “Participants eligible for free or reduced priced meals enrolling after July 1, must have meal applications completed before the end of the month. The category of each participant, as stated on the meal application, is recorded on the Master Roster. Failure to have a complete meal application on file for each enrolled participant will result in the disallowance of meals and repayment of Program funds. ...It is the responsibility of the center staff to review and categorize the application as free, reduced, or denied/paid. The staff must sign and date the application in the “official use only” section.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “The United States Department of Agriculture (USDA) issues CACFP reimbursement for organizations based on three categories: free, reduced price and paid. To qualify for the free or reduced-price categories, a family must meet the income level and household size specified on the Income Eligibility Guidelines.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “The Master Roster is used to give a summary of categories of eligibility for participants enrolled in the center. This information comes from the meal application. The category totals on the Master Roster are used to complete the monthly claim.

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* requires the eligibility category on the Master Roster to be marked for each participant.

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “Attendance records verify that participants claimed were actually present. An individual record of each participant’s attendance (days present and absent) must be recorded each day. ...Failure to complete and document attendance will result in the disallowance of meals and the repayment of Program Funds. Claiming meals more than

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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documented in attendance will result in the designation of your organization as seriously deficient.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states, “The Daily Record of Meal Count must be recorded at the end of each meal service and must accurately reflect actual meals served.

*The Mississippi Department of Education CACFP: Participant Guide* states, “Meal count and attendance records must indicate that meal count totals are never **HIGHER** than attendance totals.”

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states the organization is to file invoices and receipts in a monthly folder after each CACFP approved purchase. In addition, the cost worksheet should be completed after each purchase or payment for CACFP.

*Mississippi Department of Education Office of Child Nutrition: Recordkeeping Manual for the Child and Adult Care Food Program* states “Program operators are required to track an organization’s spending and provide a Balance on Hand of CACFP funds independently of other center funds. The State Agency highly recommends opening a separate Checking Account for the tracking of CACFP funds. ... No payments may be made for expenses not directly related to operation of the CACFP. Any payments of this nature will be disallowed, and the organization will be required to repay all such expenditures.”

*Mississippi Department of Education Office of Child Nutrition Recordkeeping Manual for the Child and Adult Care Food Program (CACFP)* states, “CACFP/SFSP Sponsor/Institution agrees to ensure all goods and services are properly procured and maintain all records relating to the purchase of goods and services and the procurement process. All Program records and documentation will be maintained for three years plus the current year.”

**Condition**

During testwork performed for Activities Allowed and Allowable Costs for CACFP grants for the 2020-2021 year, the auditor noted the following exceptions:

- 402 instances in which the 2020 - 2021 enrollment form did not contain all the required elements or was not provided, resulting in questioned costs of \$66,593.
- 93 instances in which documentation for the Free/Reduced Meal Application was not provided or was not completed correctly, resulting in \$22,045 of questioned costs.
- Three instances in which weekly meal count forms for the month did not include all participants listed on the Master Roster for a Headstart Program for a sponsored site, resulting in \$245 of questioned costs.
- 31 instances in which the meal category on the Free/Reduced Lunch Application was not recorded correctly on the Master Roster, resulting in \$3,500 of questioned costs.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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- 35 instances in which no supporting documentation was provided for expenses on the sponsors’ monthly cost worksheets, resulting in questioned costs of \$33,808.
- Auditor noted several instances in which the organization either did not maintain a clear audit trail or did not maintain clear comprehensive documentation, including:
  - Mileage reimbursement forms did not contain site names or addresses on the itinerary listed, therefore, auditor could not determine if reimbursement was correct.
  - A sponsor organization’s system of accounting for the general ledger only includes the aggregate total paid to the providers each period, therefore, auditor was unable to determine amounts paid to individual providers.
  - Payroll records did not have a clear record of which federal program the employee compensation should be allocated. Auditor was unable to trace employee payroll records to the CACFP staffing patterns.
  - Payments per the cost worksheet could not be traced to the bank statements. Due to lack of clear audit trail, items listed on the cost worksheet could not be tracked into the aggregate vendor payments per the bank statement.

CACFP testwork was not performed using a statistically valid sampling approach; therefore, projection of questioned costs is not considered appropriate.

<b>Cause</b>	MDE did not monitor subrecipients properly and ensure that subrecipients are maintaining required supporting documentation as required by written policies and procedures.
<b>Effect</b>	Failure to not properly monitor subrecipients and ensure required supporting documentation is maintained could result in questioned costs and loss of funding.
<b>Recommendation</b>	We recommend the Mississippi Department of Education strengthen controls to ensure compliance with allowable costs requirements of the Child and Adult Care Food Program (CACFP).
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Education does not concur with this finding. See additional comments in the Corrective Action Plan on page 251 of this audit report; and the Auditor’s Response to the Corrective Action Plan at page 83 and 259.



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

**Auditor's note to the Corrective Action Plan from Mississippi Department of Education (MDE) Management**

**Department of Education – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-034      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).**

Mississippi Department of Education (MDE) asserts in their disagreement with the finding that they have a “robust system of monitoring” and that they could not verify the accuracy of the finding due to “not being included in the reviews of the recipients.

OSA reviewed a significantly lower percentage of CACFP subrecipients than MDE alleges they reviewed in their response (42%) and OSA found enough noncompliance to warrant a material noncompliance finding with \$126,191 in questioned costs, which should be noted is more than triple (\$37,408) the amount MDE stated they recovered from similar organizations.

Additionally, the assertion that the accuracy could not be verified due to not being “included in the reviews of subrecipients” is misleading, and implies that MDE was not made aware of the particulars of the questioned costs. MDE was provided with a list of all the CACFP subrecipients that are noted in the finding and a list of the specific questioned costs. MDE stated it would take months to review those expenditures at the same level of detail that OSA personnel were able to complete in less than six weeks.

In conclusion, the sheer number of errors in the subrecipient monitoring process that led to the questioned allowable costs does not support MDE's statement that their internal controls and subrecipient monitoring system is either robust or adequate.

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**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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**DEPARTMENT OF HUMAN SERVICES**

**REPORTING**

*Material Weakness  
 Material Noncompliance*

**2021-011**                      Strengthen Controls to Ensure Compliance with Reporting Requirements for Pandemic EBT Food Benefits.

**ALN Number(s)**            10.542 Pandemic EBT Food Benefits

**Federal Award**            12352834-DP20 (2020)

**Pass-Through**            N/A

**Questioned Costs**        N/A

**Criteria**                    The *Code of Federal Regulations (2 cfr 200.302(b))* states in part that the financial management system of each non-Federal entity must provide for the “identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any...”

**Condition**                    When performing testwork related to Pandemic EBT (PEBT) Reporting as of June 30, 2021, the auditor noted that the Mississippi Department of Human Services (MDHS) did not separately identify the PEBT grant award(s) on its Federal Grant Activity Schedule, nor within Mississippi’s Accountability System for Government Information and Collaboration (MAGIC).

**Cause**                        MDHS staff combined regular EBT benefits with PEBT benefits for grant reporting.

**Effect**                        Failure to report any applicable awards correctly resulted in MDHS being in noncompliance with federal requirements.

**Recommendation**        We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with reporting requirements for Pandemic EBT Food Benefits.

**Repeat Finding**            No.

**Statistically Valid**        No.

**View of Responsible**

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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**Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 303 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness*  
*Material Noncompliance*

**2021-013** Strengthen Controls over On-Site Monitoring for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.

**CFDA Number** 10.551 Supplemental Nutrition Assistance Program  
 93.558 Temporary Assistance for Needy Families State Programs  
 93.667 Social Services Block Grant  
 93.575 Child Care and Development Block Grant  
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund  
 93.568 Low Income Home Energy Assistance Program

**Federal Award No.** SNAP – Letter of Credit 2001MSCCDF (2020)  
 G1901MSTANF (2019) G2001MSSOSR (2020)  
 G2001MSTANF (2020) G20B1MSLIEA (2020)

**Pass-Through** N/A

**Questioned Costs** N/A

**Criteria** The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the *Code of Federal Regulations (2 cfr Part 200)*. The *Code of Federal Regulations (2 cfr Part 200.331)* designates MDHS as a pass through entity to properly identify subgrant requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subgrants are used for authorized purposes, complies with the terms and conditions of the subgrants and achieves performance goals.

The auditor evaluated MDHS’s compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS’s Division of Program Integrity – Division of Monitoring (DM) to satisfy during-the-award monitoring requirements. DM procedures require: an on-site

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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monitoring review of each subrecipient contract at least once during the subgrant period. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by DM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subrecipients. The written report should be issued within 60 days from the date of the exit conference, which is normally held on the last day of the on-site review. Additionally, if the initial report identifies any administrative findings or questioned costs, a response to the findings is required to be submitted by the subrecipient to DM within thirty (30) working days from the date the report was issued.

The *Code of Federal Regulations (2 cfr 200.328(a))* states that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

The *Code of Federal Regulations (2 cfr 200.328(b)(2))*, states the non-Federal entity must submit performance reports using OMB-approved government-wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

- (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.
- (ii) The reasons why established goals were not met, if appropriate.
- (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

The *Code of Federal Regulations (2 CFR 200.332 (d))* States that the pass-through entity “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved...”

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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Additionally, the *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and any other Federal statutes and regulations that are identified in the Compliance Supplement.

Furthermore, the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that: the agency perform appropriate; multi-level reviews over the monitoring process; the agency and subgrants of the agency maintain adequate documentation (i.e. Identification Cards, Birth Certificates, Driver’s Licenses, etc.) in order to verify eligibility information submitted by clients of the Federal Programs; the agency perform tests over the eligibility of clients of the Federal program in order to ensure the subrecipient is in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; the agency ensures timely communication from the subgrantees and timely resolution of findings; and the Division of Monitoring act separately from the programmatic funding divisions in order to prevent; detect; and deter fraud, waste, and abuse or the misuse of federal funds.

**Condition**

During testwork performed on subrecipient on-site monitoring for 117 subgrant contracts during state fiscal year 2020, auditor noted the following exceptions:

- Two instances, or 2 percent, in which the Division of Monitoring did not perform monitoring of subgrants.
- Five instances, or 5 percent, in which the Supervisor's Checklist was not included for Subrecipient on the FY 2020 Monitoring Reviews Smartsheet; therefore, auditor could not verify Supervisory Review of the Monitoring process.
- 10 instances, or 9 percent, in which the Programmatic Tool was not included for Subrecipient on FY 2020 Monitoring Reviews Smartsheet, and could not be provided by the Division of Monitoring.
- Four instances, or 3 percent, in which the Initial Report was not issued within 60 working days of the exit conference.
- 28 instances, or 24 percent, in which auditor could not verify Eligibility was tested by either the Division of Monitoring or the Programmatic Division, or the Monitoring Smartsheet did not contain enough documentation to ensure eligibility was tested appropriately.
- One instance, or 1 percent, in which auditor could not verify a clearance or resolution of monitoring findings.
- One instance, or 1 percent, in which the Division of Monitoring did not receive a response from a subrecipient in regards to the Initial Finding Letter.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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Additionally, auditor noted that the Division of Monitoring performs monitoring of subrecipients’ programmatic performance and spending based on programmatic tools provided by MDHS’ individual programmatic divisions and not on knowledge of the federal program and its corresponding rules and regulations.

**Cause** Staff were either unaware or did not follow identified policies and procedures for monitoring requirement.

**Effect** MDHS programmatic funding divisions rely upon DM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

**Recommendation** We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring. We also recommend the agency ensure subgrants are monitored timely and that the “Report of Findings & Recommendations” prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. Additionally, we recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file. We further recommend the agency monitor eligibility for all subrecipients and ensure subrecipients maintain adequate documentation that supports the eligibility determination of their clients.

**Repeat Finding** Yes – 2020-030; Yes – 2019-042 in 2019; 2018-046 in 2018; 2017-037 in 2017; 2016-027 in 2016; 2015-005 in 2015; 2014-017 in 2014; 2013-015 in 2013.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 304 of this audit report.

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***Material Weakness  
 Material Noncompliance***

**2021-014** Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

**CFDA Number** 10.551 Supplemental Nutrition Assistance Program  
 93.558 Temporary Assistance for Needy Families State Programs  
 93.575 Child Care and Development Block Grant  
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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93.667 Social Services Block Grant  
 93.568 Low Income Home Energy Assistance Program

**Federal Award No.** SNAP – Letter of Credit  
 TANF – G1901MSTANF, G2001MSTANF  
 CCDF – G1901MSCCDF, G2001MSCCDF  
 SSBG – G2001MSSOSR  
 LIHEAP – G20B1MSLIEA, G2001MSLIEA

**Pass-Through** N/A

**Questioned Costs** N/A

**Criteria** *The Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Adequate controls would allow for a tracking system that includes all sub-recipients receiving federal funds from the agency as well as the maintenance of OMB monitoring files.*

The Office of Management and Budget’s (OMB) Uniform Guidance states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 or more in Federal awards during their fiscal year have met the audit requirements of Uniform Guidance and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Additionally, the *Code of Federal Regulations (45 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and
  - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
  - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The *Code of Federal Regulations (2 cfr §200.331(f))* states all pass-through entities (PTE's) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

The *Code of Federal Regulations (2 cfr §200.332)* states that all pass-through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subgrant is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subgrant; and that subgrant performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subgrant.

The *Code of Federal Regulations (2 cfr § 200.512(a)(1))* states the audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

Furthermore, MDHS' Policy regarding the Responsibilities of the Monitoring Unit Related to Uniform Guidance Audit Requirements Audits includes:

- (1) Providing an Initial Notice Letter to subrecipients to notify them of the audit requirements under the OMB Uniform Guidance Audit Requirements and providing the Subrecipient Audit Information Form (SAIF) to document that an audit is not required for subrecipients that expend less than \$750,000.
- (2) Issuing a Reminder Letter to subrecipients that have not submitted either an audit report or SAIF form to document that an audit was not required.
- (3) Issuing a Demand Letter to subrecipients that fail to submit an audit report or SAIF form to document that an audit was not required.
- (4) Identifying any audit findings contained in the audit reports and notifying the responsible MDHS Funding Division so that the audit findings can be resolved

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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within the six-month deadline imposed under OMB Uniform Guidance Audit Requirements.

- (5) Maintaining an audit file for each MDHS subrecipient which includes an archive copy of the audit report or Subrecipient Audit Information Form, the Uniform Guide for Initial Review of Audit Reports, copies of the transmittal memorandum sent to each MDHS Funding Division, copies of any reminder letters sent to the subrecipient, and the Audit Finding and Questioned Costs Tracking Record and a copy of the clearance letter issued by the MDHS Funding Division for those subrecipients with audit findings.

Finally, the *MDHS Subgrant/Agreement Manual* states that all MDHS subrecipients are required to complete the MDHS Subrecipient Audit Information Form (MDHS-DPI-002). This form must be submitted to the Division of Program Integrity – Division of Monitoring no later than ninety (90) calendar days after the end of the subrecipient’s fiscal year. This form is necessary to certify the sources and amounts of all Federal awards received and expended by the subrecipient.

**Condition**

During the audit of the Mississippi Department of Human Services (MDHS), the auditors reviewed the Division of Monitoring (DM) audit files and Single Audit Tracking Document for MDHS Subgrantees for state fiscal year 2019. During the review, the following weaknesses were noted:

- One instance in which the Uniform Guide for the Initial Report of Uniform Guidance Audit Reports was not included on the FY 2019 Single Audit Tracking Smartsheet; therefore, auditor could not verify the DM reviewed and approved the submitted Subgrantee audit report.
- 33 instances in which Auditor could not verify if reminder letters were sent to the Subrecipient due to these letters not being included on the FY 2019 Single Audit Tracking Smartsheet or reminder letters were sent untimely.
- Three instances in which the Office of Monitoring did not receive the Subgrantee SAIF form within 90 days of the subrecipient’s fiscal year end. Average submission was 123 working days late.
- Eight instances in which the FY 2019 Single Audit Tracking Smartsheet did not contain a SAIF form or audit report for the Subgrantee; therefore, auditor could not verify compliance with the monitoring process.

**Cause**

Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance.

**Effect**

Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in fraud, waste, and abuse within the agency.

**Recommendation**

We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Division of Monitoring (DM) strengthen controls over

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Agriculture (continued)**

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subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an Uniform Guidance audit is obtained and continue to follow-up in a timely manner to obtain an Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.

**Repeat Finding** Yes – 2020-031; Yes – 2019-043; 2018-047 in 2018; 2017-038 in 2017; 2016-028 in 2016; 2015-009 in 2015; 2014-016 in 2014.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 306 of this audit report.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

**Finding Number**      **Finding and Recommendation**

**DEPARTMENT OF EDUCATION**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness*

*Material Noncompliance*

**2021-044**                      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).

**ALN Number**                      84.425D Education Stabilization Fund (ESSER)  
21.019 Coronavirus Relief Fund (CRF)

**Federal Award No.**              All Current Active Grants

**Pass-through Entity**            N/A

**Questioned Costs**                N/A

**Background**                      During the Fiscal Year 2020 Legislative Session of the Mississippi Legislature, legislators appropriated over \$1.25 billion dollars of Coronavirus Aid, Relief, and Economic Security Act (CARES) funds from the Coronavirus Relief Fund grant (ALN 21.019). As part of those appropriated funds, the Mississippi Department of Education was charged with assisting schools in purchasing laptop computers or tablets so that K-12 students could participate in distance learning efforts. The MS Legislature required schools to “match” any CRF funds utilized with ESSER funds at a 20/80 percent match (20 percent ESSER). Since these funds could not be segregated from the total purchase price of the computers, both CRF and ESSER share finding 2021-044.

**Criteria**                              Per *Section 31-7-9, Mississippi Code of 1972, Annotated*, “Procurement regulations shall be promulgated by the Office of Purchasing, Travel, and Fleet Management, with approval of the Public Procurement Review Board.”

Per the *Mississippi Procurement Manual, Section 1.103*, “All procurement regulations require all parties involved in the negotiation, performance or administration of Mississippi contracts to act in good faith.”

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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Per the *Mississippi Procurement Manual, Section 1.104 (2)*, “The procurement regulations shall apply to every expenditure of public funds irrespective of their source, when such expenditures are made in compliance with or are designated by Section 31-7-1, et seq. Mississippi Code of 1972, Annotated. However, in the event of a conflict, the guidelines of the grant, gift, or self-generated funds shall prevail; and in any case, violation of these regulations shall carry such penalties as may be applicable under state laws.”

Per the *Mississippi Procurement Manual, Section 3.110*, “Notwithstanding any other provisions of this regulation, the Chief Procurement Officer, the head of a purchasing agency, or a designee of either officer may make or authorize others to make emergency procurements under emergency conditions ... provided, that such emergency procurements shall be made with such competition as is practicable under the circumstances.”

**Condition**

Mississippi Senate Bill 3044, adopted during the 2020 legislative session, otherwise known as the “Equity in Distance Learning Act (the Act)”, provided funding for devices and other technology for the students, teachers, and administrators in the schools of Mississippi. The Act authorized MDE to prepare an Express Product Listing (EPL) for computer equipment. The Act further authorized MDE to utilize emergency procurement procedures to solicit bids for the EPL. MDE signed contracts with Apple, Inc. to provide Apple devices to schools without any competitive bidding process. However, MDE opted to use a competitive bidding process with bid solicitations for other computer and technology needs.

During our audit, auditors noted that MDE staff conducted regular meetings with individuals from the winning bidder of the authorized Express Product Listing prior to publishing the official Request For Quote (RFQ) to vendors. Additionally, MDE’s Chief Information Officer forwarded a draft of the “Prime Contractor Requirements” or specifications to a member of the winning bidder 20 days before the RFQ was officially released. The winning bidder made modifications to the specifications before they were submitted in the RFQ.

MDE stated that all vendors that were solicited for bids were provided the specifications in advance; however, only the winning bidder was given the opportunity to make suggestions to edits to the specifications. According to documentation provided to auditors, the following serves as a timeline of communication:

**July 2, 2020** – Email to future winning bidder with listed specifications as “draft”.

**July 9, 2020** – Email from future winning bidder to MDE with changes in specifications marked in red.

**July 21, 2020** – Microsoft “Teams” chat with second bidder where specifications (with some of future winning bidder edits) are provided.

**July 22, 2020** – Email to third bidder where specifications (with some of future winning bidder edits) are provided.

**July 29, 2020** – Official RFQ was provided to vendors.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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**July 31, 2020** – Deadline for vendor questions.  
**August 1, 2020** – Deadline for questions answered.  
**August 3, 2020** – Deadline for submissions of responses to RFQ.  
**August 3, 2020** – Evaluation of Responses.  
**August 4, 2020** – Vendor interviews.  
**August 4, 2020** – Review of submissions by MDE panel.  
**August 5, 2020** – Contract negotiations.  
**August 6, 2020** – Board Approval.  
**August 18, 2020** – Contract Awarded (no later than date).

It should be noted that four vendors submitted proposals and were evaluated. However, MDE did not present documentation that showed the fourth vendor was provided specifications in advance. The memorandum on August 4, 2020 that describes the selection process in broad terms only references three vendors, but does show a scored rubric for four vendors, illustrating inconsistencies in the procurement process.

The winning bidder was provided the ability to edit specifications and was provided the specifications approximately 20 days in advance while the other vendors were only given approximately two weeks to prepare bids. The winning bidder suggested extensive “prime contractor requirements” for the specifications, including information suggesting how many square feet distribution centers needed to be sized, financing options, experience with specific programs, etc. Auditors could not see evidence that these specific requirements were added to the specifications provided to other vendors; however, the winning bidder was provided an unfair advantage in suggesting that these requirements would aid in the deployment process. Additionally, similar requirements and experience factors were noted by MDE and the procurement reviewers during the proposal analysis phase.

When comparing prices on the RFQ, the winning bidder received 35 points for the category of “Devices, including price considerations.” However, when price was compared, the winning bidder was not the lowest bidder, nor the second lowest bidder. The next highest score in the category was “25” but the prices of the competitor were significantly lower. MDE failed to provide any information on why the points were assigned and calculated other than an overall memorandum of the scores and process. Based on information provided, it does not appear that the procurement process was designed to promote fair and open competition; nor does it appear that all parties negotiated the agreements in good faith.

<b>Cause</b>	MDE failed to act in good faith in obtaining requisitions of equipment related to CRF and ESSER funds.
<b>Effect</b>	Failure to act in good faith during procurement negotiations can open MDE to civil litigation claims. Additionally, implied preference to vendors could result in public distrust in the procurement process. Lastly, implied preference could result in fraud, waste, or abuse during the procurement process.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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**Recommendation** We recommend the Mississippi Department of Education strengthen controls to ensure compliance with allowable costs requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).

**Repeat Finding** No.

**Statistically Valid** No.

**View of Responsible Officials** Management at the Mississippi Department of Education does not concur with this finding. See additional comments in the Corrective Action Plan on page 249 of this audit report; and the Auditor’s Response to the Corrective Action Plan on page 107 and 261.

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**REPORTING**

*Material Weakness  
 Material Noncompliance*

**2021-035** Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements

**ALN Number** 84.010 Title I – Grants to Local Education Agencies  
 84.425D Education Stabilization Fund (ESSER)

**Federal Award No.** All Current Active Grants

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** *The Code of Federal Regulations (2 CFR 170, Appendix A((I)(a)(2)(ii)) states a subaward must be reported in FSRS by the last day of the month following the obligation date, which is defined as the date the subaward is signed.*

*The Code of Federal Regulations (2 CFR 170, Appendix A(I)(b)(1)(i)) sets forth the reporting requirements of the Transparency Act that related to subawards under grants. Direct recipients of grants who make first-tier subawards equal to or exceeding \$30,000 are required to report each subaward obligating action equal to \$30,000 or more in Federal funds.*

**Condition** During testwork performed for the Federal Funding Accountability and Transparency Act (FFATA) reporting fiscal year 2021, the auditor noted the following exceptions:

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 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

- Fifteen instances out of 15 reports tested for Title I, in which there was no supporting documentation for the date the report was submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Due to the lack of supporting documentation for the date of report submission, the auditor was not able to determine if the FSRS reports were reported timely, no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.

<b>Transactions Tested</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
15	0	15	0	0
<b>Dollar Amount Tested For Transactions</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
\$21,747,051	\$0	\$21,747,051	\$0	\$0

- Fifteen (15) instances out of 15 reports tested for Elementary and Secondary School Emergency Relief Fund II (ESSER II), in which the report was not submitted within the required timeframe. Of the 15 reports tested, all had a subaward action date of 2/25/2021. Submission date for these reports was 4/12/2021. Per the compliance supplement, the FFATA reports are required to be submitted no later than the last day of the following month in which the sub-grant is awarded. The deadline for reports reviewed would be 3/31/21; therefore, all were 12 days late.

<b>Transactions Tested</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
15	0	15	0	0
<b>Dollar Amount Tested For Transactions</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
\$137,165,965	\$0	\$137,165,965	\$0	\$0

- Mississippi Department of Education (MDE) has not established internal control policies or procedures, nor is a supervisory review performed of the subrecipient contract information that is reported to verify the data is reported timely.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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<b>Cause</b>	MDE personnel did not maintain documentation of the date of report submission to FSRS.
<b>Effect</b>	Failure to maintain documentation that reports are submitted timely can undermine transparency and accountability since the public will not know about these grants awards in an appropriate manner.
<b>Recommendation</b>	We recommend the Mississippi Department of Education (MDE) strengthen controls to ensure compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Education does not concur with this finding. See additional comments in the Corrective Action Plan on page 253 of this audit report; and Auditor’s Response to the Corrective Action Plan on page 107 and 261.

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**SUBRECIPIENT MONITORING**

*Material Weakness*

*Material Noncompliance*

<b>2021-036</b>	<u>Strengthen Controls to Ensure Compliance with On-Site Monitoring Requirements for Title I.</u>
<b>ALN Number</b>	84.010 Title I – Grants to Local Education Agencies
<b>Federal Award No.</b>	All Current Active Grants
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	N/A
<b>Criteria</b>	The terms and conditions of the grant agreements between the Mississippi Department of Education (MDE) and the U.S. Department of Education require MDE to administer grants in compliance with the <i>Code of Federal Regulations (2 CFR Part 200 – Uniform Guidance)</i> . The <i>Code of Federal Regulations (2 CFR Part 200.332)</i> designates MDE, as a pass through entity, to properly identify subaward requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, complies with the terms and conditions of the subawards and achieves performance goals.

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PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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*The Code of Federal Regulations (2 CFR 200.332(b))* states, all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

*The Code of Federal Regulations (2 CFR 200.332(d))* requires all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

We evaluated MDE's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDE's Office of Federal Programs Division of Compliance (OFP-DC) to satisfy during-the-award monitoring requirements. OFP-DC procedures require an on-site monitoring review of each subgrantee contract based on risk assessment level of moderate or high. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. OFP-DC written procedures requires the MDE Executive Director of Federal Programs to send the monitoring report with appropriate cover letter to the Local Educational Agency (LEA) notifying the Superintendent, Federal Programs Director, and Business Manager, typically within 45 days. OFP-DC written procedures require the LEA to prepare a Corrective Action Plan (CAP) within 30 days of receipt of the monitoring report and require OFP-DC to follow up with the CAP to ensure it is accomplished, typically, within 12 months of the monitoring visit. Finally, the written procedures state a potential condition of approval of the LEA's annual funding application is that the status of the monitoring report must be either *Closed* or *Pending Compliance with Approved Corrective Action Plan*.

**Condition**

For the 2019 – 2020 monitoring cycle, the Mississippi Department of Education (MDE) did not perform a risk assessment to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward. Instead, MDE performed on-site monitoring for all local educational agencies (LEAs) that had not been monitored in the last three monitoring cycles. During testwork performed on subrecipient monitoring, the auditor tested 37 of the 47 local education agencies (LEAs) that had on-site monitoring for the 2019-2020 monitoring cycle and noted the following:

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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- Seven instances (or 19 percent) in which the school district did not provide MDE with a corrective action plan (CAP) within 30 days of the monitoring report.
- One instance (or 3 percent) in which no documentation of a monitoring instrument and follow-up communication was provided.

**Cause** MDE did not follow federal regulations related to assessing the risk of each LEA prior to performing on-site monitoring for the 2019-2020 monitoring cycle. In addition, MDE did not follow policies and procedures related to ensuring the LEAs submit their CAP within twelve months of the monitoring visits and the monitoring instruments are properly maintained after the on-site visits are performed.

**Effect** MDE programmatic funding divisions rely upon on-site monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients and ensure closure of the monitoring visits in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

**Recommendation** We recommend the Mississippi Department of Education strengthen controls to ensure compliance with subrecipient monitoring requirements for Title I.

**Repeat Finding** Yes, 2020-032.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 254 of this audit report.

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***Material Weakness  
 Material Noncompliance***

**2021-037** Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs.

**ALN Number** 84.027 Special Education – Grants to States (IDEA, Part B)  
 84.173 Special Education – Preschool Grants (IDEA, Preschool)

**Federal Award No.** All Current Active Grants

**Pass-through Entity** N/A

**Questioned Costs** N/A

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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**Criteria**

The terms and conditions of the grant agreements between the Mississippi Department of Education (MDE) and the U.S. Department of Education require MDE to administer grants in compliance with the *Code of Federal Regulations (2 CFR Part 200 – Uniform Guidance)*. The *Code of Federal Regulations (2 CFR Part 200.331)* designates MDE, as a pass-through entity, to properly identify subaward requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, complies with the terms and conditions of the subawards and achieves performance goals.

*The Code of Federal Regulations (2 CFR 200.332(b))* states, all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

*The Code of Federal Regulations (2 CFR 200.332(d))* requires all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

MDE's Office of Special Education Bureau of Monitoring and Technical Assistance (OSE-BMTA) procedures require an on-site monitoring visit of each subgrantee contract based on a four-year rotating cycle. Each Local Education Agency (LEA) in Mississippi receives an on-site compliance monitoring visit at least once every four years. The OSE-BMTA written procedures state each monitoring visit will have a monitoring team leader who is responsible for completing the monitoring report and sending the report to the Office of Special Education (OSE) Bureau Director for approval. The monitoring instrument is designed to include all areas of compliance to be monitored and consists of a programmatic portion and a fiscal portion. The written procedures require the monitoring report be provided to the LEA within 30 calendar days of the monitoring visit. The written procedures further state that within 14 calendar days from the receipt of the monitoring report, the LEA must submit a response to OSE of any inconsistencies in the report along with documentation to support the findings. OSE-BMTA written procedures require the LEA to prepare and submit an Improvement Plan within 30 days of receipt of the monitoring report. The written procedures further state that all noncompliance must be corrected as soon

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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as possible, but in no case more than 12 months from the date of the monitoring report.

<b>Condition</b>	For the 2019 – 2020 monitoring cycle, the Mississippi Department of Education (MDE) did not perform a risk assessment to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward. In addition, The Mississippi Department of Education (MDE) did not properly monitor all Local Education Agencies (LEAs) on a four-year cycle. Per MDE policy, roughly 35 LEAs should be monitored in the monitoring cycle each year. During the last completed monitoring cycle (School Year 2019 – 2020), no cyclical monitoring cycle was performed. Thus, the auditor was unable to continue testing the cyclical monitoring and deemed controls ineffective. The agency has not fully implemented the corrective action plan from the prior year finding over subrecipient monitoring.
<b>Cause</b>	MDE did not follow federal regulations related to assessing the risk of each LEA. In addition, MDE did not follow written policies related to their cyclical monitoring cycle.
<b>Effect</b>	MDE programmatic funding divisions rely upon on-site monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients and ensure closure of the monitoring visits in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.
<b>Recommendation</b>	We recommend the Mississippi Department of Education strengthen controls to ensure compliance with subrecipient monitoring requirements for the Special Education Cluster Programs.
<b>Repeat Finding</b>	Yes, 2020-033.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Education concurs with this finding. See additional comments in the Corrective Action Plan on page 255 of this audit report.

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**SPECIAL TESTS AND PROVISIONS – PARTICIPATION OF PRIVATE SCHOOL CHILDREN**

*Significant Deficiency  
 Immaterial Noncompliance*

<b>2021-038</b>	<u>Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements.</u>
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**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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**ALN Number** 84.010 Title I – Grants to Local Education Agencies

**Federal Award No.** All Current Active Grants

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** *The Mississippi Department of Education (MDE) Final Equitable Services Plan* states, the equitable services filings required include the Final Equitable Service Plan for each private school served. Each form must be returned, marked, and signed by the district representative to certify that the plan is true and correct. The district is required to upload the Final Equitable Service Plan and Written Affirmation into Mississippi Comprehensive Automated Performance-based System (MCAPS) by May 29, 2020, though for FY21 that deadline was waived due to the pandemic and changed to when a local educational agency (LEA) reopened.

*The Elementary and Secondary Education Act Section 1117 (c)(1)* states, “A local educational agency shall have the final authority, consistent with this section, to calculate the number of children, ages 5 through 17, who are from low-income families and attend private schools by— (A) using the same measure of low income used to count public school children; (B) using the results of a survey that, to the extent possible, protects the identity of families of private school students, and allowing such survey results to be extrapolated if complete actual data are unavailable; (C) applying the low-income percentage of each participating public school attendance area, determined pursuant to this section, to the number of private school children who reside in that school attendance area; or (D) using an equated measure of low income correlated with the measure of low income used to count public school children.”

*The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that an agency maintain an audit trail to ensure adherence to written policies and procedures.

**Condition** During testwork performed on the equitable participation of private school children requirements for Title I, the auditor tested five out of 30 local educational agencies (LEAs) receiving Title I equitable services for fiscal year 2021(School Year 2020-2021) and noted the following exceptions:

- Two instances (or 40 percent) in which the number of qualifying low-income students per the Household Income Surveys does not agree with the low-income count number reported in the Non-Public Equitable

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 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Education (continued)**

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Services section of the FY 2021 Consolidated Application submitted by the LEA.

- One instance (or 20 percent) in which the number of qualifying low-income students per the Free/Reduced Lunch Applications does not agree with the low-income count number reported in the Non-Public Equitable Services section of the FY 2021 Consolidated Application submitted by the LEA.
- One instance (or 20 percent) in which the LEA did not submit the Final Equitable Service Plan and Written Affirmation in a timely manner. The Final Equitable Service Plan and Written Affirmation was signed and uploaded to Mississippi Comprehensive Automated Performance-based System (MCAPS) following the end of School Year 2020-2021.
- One instance (or 20 percent) in which the Final Equitable Service Plan was submitted without the District’s Representative’s signature.
- One instance (or 20 percent) in which a LEA was listed on the SY20-21 (FY21) Equitable Services spreadsheet as participating in Title I Equitable Services, but there were no allocation amounts in MCAPS in the Non-Public Equitable Services screen for School Year 2020-2021 (FY21).

**Cause** MDE staff did not review the documentation used by the LEAs to determine the qualifying low-income student count numbers reported in the Consolidated Application in MCAPS prior to MDE’s Office of Federal Programs approval.

**Effect** Failure to review the proper documentation to support the data submitted by the LEA on their Consolidated Application prior to MDE’s Office of Federal Programs approval may result in improper payment to the LEAs which could also reduce the amount of future funding of Title I.

**Recommendation** We recommend the Mississippi Department of Education strengthen controls to ensure compliance with equitable participation of private school children requirements.

**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Education does not concur with this finding. See additional comments in the Corrective Action Plan on page 257 of this audit report; and the Auditor’s Response to the Corrective Action Plan on page 108 and 262.



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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Education (MDE) Management**

**Department of Education – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-044      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).**

MDE states in their response to the finding that “the crux of this finding hinges on the erroneous assertion that only one vendor was allowed to offer input on the specifications.” The finding acknowledges that MDE provided evidence that three of the four vendors received the specifications in advance, but the winning bidder received them 20 days in advance, while the remaining two vendors received them 7-8 days in advance. Additionally, the specifications sent to the winning bidder were marked “draft” and redline comments were added to the specifications by the winning bidder when they were returned to MDE. While MDE did not adopt all of the winning bidder’s suggested modifications to the specifications, modifications like the size of the needed laptop screens were adopted by MDE. MDE could provide no support that the fourth bidder was given advance notice of the specifications.

Secondly, MDE asserts that the points assigned to the winning bidder for the “Devices” category hinged on the guarantee that the devices would be delivered by the November 20, 2022 delivery timeline; however, two other bidders with lower price points overall on devices also committed to having devices delivered no later than November 20, 2022. In fact, bidders were told that that delivery by November 20, 2022 was a requirement to bid on the RFQ. MDE did not describe why the bidders received the points that they did (as stated in the finding), and their statement that it depended on delivery dates is not supported by the RFQs. This type of discrepancy is the reason that the evaluations of RFQ’s should contain sufficient detailed justification of points awarded.

**Department of Education – Reporting – *Material Weakness - Material Noncompliance***

**2021-035      Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) Requirements.**

MDE states that they do not concur that FFATA information was entered timely or that no documentation was maintained that could verify the information was entered; however, their response verifies that “MDE is unable to demonstrate when the file was initially submitted...” Additionally, MDE has provided a

corrective action plan to address the elements of the finding. OSA will review this corrective action in later audits to determine if MDE has complied.”

**Department of Education – Special Tests and Provisions – *Significant Deficiency/Immaterial Noncompliance***

**2021-038      Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements.**

MDE states that they do not believe this is a systemic problem with the program, but states that they do not require supporting documentation in the application phase, and review those documents in the monitoring phase of the grant process. There is a significant lag time between the application phase on the grant cycle and MDE’s subrecipient monitoring. Due to this lag, errors in the Local Educational Agency (LEA’s) documentation would not be identified timely, resulting in improper Title-I allocation. In addition, every LEA is not selected for on-site monitoring each year. Not reviewing the LEA’s documentation prior to approval could result in errors in the Title-I allocation that may not be identified timely or at all. MDE should consider strengthening these controls to ensure the proper allocation of funds timely.

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Finding Number**      **Finding and Recommendation**

**DEPARTMENT OF HEALTH**

**REPORTING**

*Significant Deficiency*

*Immaterial Noncompliance*

**2021-033**                      Strengthen Controls to Ensure Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.

**ALN Number**                      93.323 Epidemiology and Laboratory Capacity for Infectious Diseases

**Federal Award No.**              All Current Active Grants

**Pass-through Entity**              N/A

**Questioned Costs**                N/A

**Criteria**                              Per the *Code of Federal Regulations (2 cfr 200.303)*, “(a) Establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with federal statutes, regulations, and the terms of the Federal award.”

Under the requirements of the Federal Funding Accountability and Transparency Office (Pub. L. No. 109-282) as amended by section 6202 of Public Law 110-252, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.

*The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the entity determining which laws and regulations apply to the entity and setting objectives that incorporate these requirements.*

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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<b>Condition</b>	When performing testwork related to Federal Funding Accountability and Transparency Act (FFATA) Reporting as of June 30, 2021, the auditor noted that the Mississippi Department of Health did not perform reporting over FFATA as required.
<b>Cause</b>	The Mississippi Department of Health (Health) staff were unaware of FFATA reporting requirements.
<b>Effect</b>	Failure to report any applicable awards and subawards resulted in Health being in noncompliance with federal reporting requirements and could result in a misstatement of federal expenditures to the federal awarding agency. Failure to submit reports could additionally result in losing federal grants due to noncompliance.
<b>Recommendation</b>	We recommend the Mississippi Department of Health strengthen controls to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Health concurs with this finding. See additional comments in the Corrective Action Plan on page 299 of this audit report.

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STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)

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**DEPARTMENT OF HUMAN SERVICES**

**REPORTING**

*Material Weakness*

*Material Noncompliance*

**2021-010**                      Strengthen Controls to Ensure Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.

**ALN Number(s)**            93.558 Temporary Assistance for Needy Families (TANF)  
 93.667 Social Services Block Grant (SSBG)  
 93.568 Low Income Home Energy Assistance (LIHEAP)

<b>Federal Award</b>	G1901MSTANF (2019)	G1901MSSOSR (2019)	G1901MSLIEA (2019)
	G2001MSTANF (2020)	G2001MSSOSR (2020)	G2001MSLIEA (2020)
	G2101MSTANF (2021)	G2101MSSOSR (2021)	G2101MSLIEA (2021)

**Pass-Through**              N/A

**Questioned Costs**        N/A

**Criteria**                      Per the *Code of Federal Regulations (2 cfr 170.200)*, “(a) federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, government wide website and follow Uniform Guidance to support Transparency Act implementation. (b) Federal awarding agencies that obtain post-award data on subaward obligations outside of this policy should take the necessary steps to ensure that their recipients are not required, due to the combination of agency-specific and Transparency Act reporting requirements, to submit the same or similar data multiple times during a given reporting period.”

*The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the entity determining which laws and regulations apply to the entity and setting objectives that incorporate these requirements.*

**Condition**                    When performing testwork related to Federal Funding Accountability and Transparency Act (FFATA) Reporting as of June 30, 2021, the auditor noted that the Mississippi Department of Human Services (MDHS) did not perform reporting over FFATA as required by the *Code of Federal Regulations (2 cfr 170.200)*.

**Cause**                         MDHS staff failed to follow grant regulations requiring FFATA reporting.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**Effect** Failure to report any applicable awards and subawards resulted in MDHS being in noncompliance with federal reporting requirements and could result in a misstatement of federal expenditures to the federal awarding agency.

**Recommendation** We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting.

**Repeat Finding** No.

**Statistically Valid** No.

**View of Responsible Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 303 of this audit report.

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*Significant Deficiency*

**2021-012** Strengthen Controls Over the Compilation and Submission of Required Federal Reports for the Social Services Block Grant (SSBG) Program.

**ALN Number(s)** 93.667 Social Services Block Grant (SSBG)

**Federal Award** G1901MSSOSR (2019)  
 G2001MSSOSR (2020)  
 G2101MSSOSR (2021)

**Pass-Through** N/A

**Questioned Costs** N/A

**Criteria** Per the *Code of Federal Regulations (2 cfr 200.62)*, “a nonfederal entity must have internal control over compliance designed to provide reasonable assurance that;  
 (a) Transactions are properly recorded and accounted for, in order to:  
 (1) Permit the preparation of reliable financial statements and Federal reports...”

Additionally, the *Code of Federal Regulations (2 cfr 200.334)*, states that “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass through entity in the case of a subrecipient...”

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that a satisfactory control environment is only effective when control activities exist. Good internal controls dictate a proper review process for all calculations and reports. These controls should be reviewed throughout the accounting process in such a manner to ensure amounts are properly transferred to the Federal reports. Additionally, adequate controls dictate the use and maintenance of supporting documentation (i.e. birth certificates, driver’s licenses, ID Cards, etc.) in order to determine eligibility and ensure the identity of the recipients of benefits and/or services.

<b>Condition</b>	<p>When performing testwork related to Social Services Block Grant (SSBG) Reporting as of June 30, 2021, the auditor noted the following:</p> <ul style="list-style-type: none"> <li>• One instance in which MDHS could not provide supporting documentation for the amount of Special Services - Youth at Risk recipients listed on the Post Expenditure Report. The recipient amount reported on the Post Expenditure Report is 101. Per MDHS personnel, the amount of youth that received services during 10/1/2019 to 9/30/2020 was 119.</li> <li>• MDHS nor the SSBG subrecipients, known as Area Agency on Aging (AAA), require recipients of benefits and/or services to provide proof of age or identity before receiving benefits and/or services from the AAA.</li> <li>• MDHS does not have controls in place over the review and approval of the Social Service Block Grant Post Expenditure Report.</li> </ul>
<b>Cause</b>	MDHS has no controls in place over the review and approval of Social Service Block Grant Post Expenditure Report.
<b>Effect</b>	Failure to review reports properly could result in the reporting of incorrect amounts and could impact funding determinations. Additionally, failure to ask for support of client eligibility and identity could result in fraudulent spending.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services (MDHS) strengthen controls over the compilation and submission of required federal reports for the Social Services Block Grant (SSBG) Program. Additionally, MDHS should keep adequate records of recipients served in each category of service and should require AAAs to ask for proper supporting documentation to verify eligibility and identities of recipients of benefits and/or services.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**View of Responsible  
 Officials**

Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 304 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness  
 Material Noncompliance*

**2021-013**                    Strengthen Controls over On-Site Monitoring for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.

**CFDA Number**            10.551 Supplemental Nutrition Assistance Program  
                                   93.558 Temporary Assistance for Needy Families State Programs  
                                   93.667 Social Services Block Grant  
                                   93.575 Child Care and Development Block Grant  
                                   93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund  
                                   93.568 Low Income Home Energy Assistance Program

**Federal Award No.**      SNAP – Letter of Credit            2001MSCCDF (2020)  
                                   G1901MSTANF (2019)            G2001MSSOSR (2020)  
                                   G2001MSTANF (2020)            G20B1MSLIEA (2020)

**Pass-Through**            N/A

**Questioned Costs**        N/A

**Criteria**                    The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the *Code of Federal Regulations (2 cfr Part 200)*. The *Code of Federal Regulations (2 cfr Part 200.331)* designates MDHS as a pass through entity to properly identify subgrant requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subgrants are used for authorized purposes, complies with the terms and conditions of the subgrants and achieves performance goals.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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The auditor evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity – Division of Monitoring (DM) to satisfy during-the-award monitoring requirements. DM procedures require: an on-site monitoring review of each subrecipient contract at least once during the subgrant period. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by DM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subrecipients. The written report should be issued within 60 days from the date of the exit conference, which is normally held on the last day of the on-site review. Additionally, if the initial report identifies any administrative findings or questioned costs, a response to the findings is required to be submitted by the subrecipient to DM within thirty (30) working days from the date the report was issued.

The *Code of Federal Regulations (2 cfr 200.328(a))* states that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

The *Code of Federal Regulations (2 cfr 200.328(b)(2))*, states the non-Federal entity must submit performance reports using OMB-approved government-wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

- (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.
- (ii) The reasons why established goals were not met, if appropriate.
- (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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The *Code of Federal Regulations (2 CFR 200.332 (d))* States that the pass-through entity “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved...”

Additionally, the *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and any other Federal statutes and regulations that are identified in the Compliance Supplement.

Furthermore, the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that: the agency perform appropriate; multi-level reviews over the monitoring process; the agency and subgrants of the agency maintain adequate documentation (i.e. Identification Cards, Birth Certificates, Driver’s Licenses, etc.) in order to verify eligibility information submitted by clients of the Federal Programs; the agency perform tests over the eligibility of clients of the Federal program in order to ensure the subrecipient is in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; the agency ensures timely communication from the subgrantees and timely resolution of findings; and the Division of Monitoring act separately from the programmatic funding divisions in order to prevent; detect; and deter fraud, waste, and abuse or the misuse of federal funds.

**Condition**

During testwork performed on subrecipient on-site monitoring for 117 subgrant contracts during state fiscal year 2020, auditor noted the following exceptions:

- Two instances, or 2 percent, in which the Division of Monitoring did not perform monitoring of subgrants.
- Five instances, or 5 percent, in which the Supervisor's Checklist was not included for Subrecipient on the FY 2020 Monitoring Reviews Smartsheet; therefore, auditor could not verify Supervisory Review of the Monitoring process.
- 10 instances, or 9 percent, in which the Programmatic Tool was not included for Subrecipient on FY 2020 Monitoring Reviews Smartsheet, and could not be provided by the Division of Monitoring.
- Four instances, or 3 percent, in which the Initial Report was not issued within 60 working days of the exit conference.
- 28 instances, or 24 percent, in which auditor could not verify Eligibility was tested by either the Division of Monitoring or the Programmatic Division, or the Monitoring Smartsheet did not contain enough documentation to ensure eligibility was tested appropriately.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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- One instance, or 1 percent, in which auditor could not verify a clearance or resolution of monitoring findings.
- One instance, or 1 percent, in which the Division of Monitoring did not receive a response from a subrecipient in regards to the Initial Finding Letter.

Additionally, auditor noted that the Division of Monitoring performs monitoring of subrecipients’ programmatic performance and spending based on programmatic tools provided by MDHS’ individual programmatic divisions and not on knowledge of the federal program and its corresponding rules and regulations.

**Cause** Staff were either unaware or did not follow identified policies and procedures for monitoring requirement.

**Effect** MDHS programmatic funding divisions rely upon DM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.

**Recommendation** We recommend the Mississippi Department of Human Services’ Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring. We also recommend the agency ensure subgrants are monitored timely and that the “Report of Findings & Recommendations” prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. Additionally, we recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file. We further recommend the agency monitor eligibility for all subrecipients and ensure subrecipients maintain adequate documentation that supports the eligibility determination of their clients.

**Repeat Finding** Yes – 2020-030; Yes – 2019-042 in 2019; 2018-046 in 2018; 2017-037 in 2017; 2016-027 in 2016; 2015-005 in 2015; 2014-017 in 2014; 2013-015 in 2013.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 304 of this audit report.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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*Material Weakness*

*Material Noncompliance*

**2021-014**                      Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

**CFDA Number**            10.551 Supplemental Nutrition Assistance Program  
 93.558 Temporary Assistance for Needy Families State Programs  
 93.575 Child Care and Development Block Grant  
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund  
 93.667 Social Services Block Grant  
 93.568 Low Income Home Energy Assistance Program

**Federal Award No.**      SNAP – Letter of Credit  
  
 TANF – G1901MSTANF, G2001MSTANF  
 CCDF – G1901MSCCDF, G2001MSCCDF  
 SSBG – G2001MSSOSR  
 LIHEAP – G20B1MSLIEA, G2001MSLIEA

**Pass-Through**            N/A

**Questioned Costs**        N/A

**Criteria**                    *The Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Adequate controls would allow for a tracking system that includes all sub-recipients receiving federal funds from the agency as well as the maintenance of OMB monitoring files.*

The Office of Management and Budget’s (OMB) Uniform Guidance states the pass-through entity is responsible for (1) ensuring that subrecipients expending \$750,000 or more in Federal awards during their fiscal year have met the audit requirements of Uniform Guidance and that the required audits are completed within nine months of the end of the subrecipient’s audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Additionally, the *Code of Federal Regulations (45 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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- (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
  - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The *Code of Federal Regulations (2 cfr §200.331(f))* states all pass-through entities (PTE's) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

The *Code of Federal Regulations (2 cfr §200.332)* states that all pass-through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subgrant is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subgrant; and that subgrant performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
  - (1) Reviewing financial and performance reports required by the pass through entity.
  - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subgrant.

The *Code of Federal Regulations (2 cfr § 200.512(a)(1))* states the audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

Furthermore, MDHS' Policy regarding the Responsibilities of the Monitoring Unit Related to Uniform Guidance Audit Requirements Audits includes:

- (1) Providing an Initial Notice Letter to subrecipients to notify them of the audit requirements under the OMB Uniform Guidance Audit Requirements and

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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- providing the Subrecipient Audit Information Form (SAIF) to document that an audit is not required for subrecipients that expend less than \$750,000.
- (2) Issuing a Reminder Letter to subrecipients that have not submitted either an audit report or SAIF form to document that an audit was not required.
  - (3) Issuing a Demand Letter to subrecipients that fail to submit an audit report or SAIF form to document that an audit was not required.
  - (4) Identifying any audit findings contained in the audit reports and notifying the responsible MDHS Funding Division so that the audit findings can be resolved within the six-month deadline imposed under OMB Uniform Guidance Audit Requirements.
  - (5) Maintaining an audit file for each MDHS subrecipient which includes an archive copy of the audit report or Subrecipient Audit Information Form, the Uniform Guide for Initial Review of Audit Reports, copies of the transmittal memorandum sent to each MDHS Funding Division, copies of any reminder letters sent to the subrecipient, and the Audit Finding and Questioned Costs Tracking Record and a copy of the clearance letter issued by the MDHS Funding Division for those subrecipients with audit findings.

Finally, the *MDHS Subgrant/Agreement Manual* states that all MDHS subrecipients are required to complete the MDHS Subrecipient Audit Information Form (MDHS-DPI-002). This form must be submitted to the Division of Program Integrity – Division of Monitoring no later than ninety (90) calendar days after the end of the subrecipient’s fiscal year. This form is necessary to certify the sources and amounts of all Federal awards received and expended by the subrecipient.

**Condition**

During the audit of the Mississippi Department of Human Services (MDHS), the auditors reviewed the Division of Monitoring (DM) audit files and Single Audit Tracking Document for MDHS Subgrantees for state fiscal year 2019. During the review, the following weaknesses were noted:

- One instance in which the Uniform Guide for the Initial Report of Uniform Guidance Audit Reports was not included on the FY 2019 Single Audit Tracking Smartsheet; therefore, auditor could not verify the DM reviewed and approved the submitted Subgrantee audit report.
- 33 instances in which Auditor could not verify if reminder letters were sent to the Subrecipient due to these letters not being included on the FY 2019 Single Audit Tracking Smartsheet or reminder letters were sent untimely.
- Three instances in which the Office of Monitoring did not receive the Subgrantee SAIF form within 90 days of the subrecipient’s fiscal year end. Average submission was 123 working days late.
- Eight instances in which the FY 2019 Single Audit Tracking Smartsheet did not contain a SAIF form or audit report for the Subgrantee; therefore, auditor could not verify compliance with the monitoring process.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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<b>Cause</b>	Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Guidance.
<b>Effect</b>	Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in fraud, waste, and abuse within the agency.
<b>Recommendation</b>	We recommend the Mississippi Department of Human Services' Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are appropriately monitored and an Uniform Guidance audit is obtained and continue to follow-up in a timely manner to obtain an Uniform Guidance audit or Subgrantee Audit Information Form after the demand letter is issued.
<b>Repeat Finding</b>	Yes – 2020-031; Yes – 2019-043; 2018-047 in 2018; 2017-038 in 2017; 2016-028 in 2016; 2015-009 in 2015; 2014-016 in 2014.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Human Services concurs with this finding. See additional comments in the Corrective Action Plan on page 306 of this audit report.

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**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**DIVISION OF MEDICAID**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness*

*Material Noncompliance*

**2021-039**                    Strengthen Controls to Ensure Compliance with the Allowable Costs Requirements of the Children’s Health Insurance Program (CHIP).

**ALN Number**            93.767 – Children’s Health Insurance Program (CHIP)

**Federal Award No.**    All Current Active Grants

**Pass-through Entity**   N/A

**Questioned Costs**     N/A

**Criteria**                    *Code of Federal Regulations (42 CFR §457.505)* states, “The State plan must include a description of (a) the amount of premiums, deductibles, coinsurance, copayments, and other cost sharing imposed.”

*Code of Federal Regulations (42 CFR § 457.515)* states, “To impose copayments, coinsurance, deductibles or similar charges on enrollees, the State plan must describe — (a) The service for which the charge is imposed; (b) The amount of the charge; (c) The group or groups of enrollees that may be subject to the cost-sharing charge.”

*Mississippi Children’s Health Insurance Program State Plan Section 8.2.3* states that children whose annual family income is less than or equal to 150 percent of the Federal Poverty Level are not subject to any co-payments or co-insurance.

*Mississippi Children’s Health Insurance Program State Plan Section 8.2.3* states that children whose annual family income is between 151 percent and 175 percent of the Federal Poverty Level are subject to co-payments of \$5.00 per doctor visit, \$15.00 per emergency room visit, and an out-of-pocket maximum of \$800.00.

*Mississippi Children’s Health Insurance Program State Plan Section 8.2.3* states that children whose annual family income is between 176 percent and 209 percent of the Federal Poverty Level are subject to co-payments of \$5.00 per doctor visit, \$15.00 per emergency room visit, and an out-of-pocket maximum of \$950.00.

**Condition**                    During testwork performed over allowable costs requirements for the Children’s Health Insurance Program (CHIP) as of June 30, 2021, the auditor tested 60 total beneficiaries and noted the following:

- 20 (or 33 percent) of the CHIP beneficiaries tested in which the beneficiary

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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was not placed in the correct CHIP sub-group that determines the beneficiary’s co-payments and out-of-pocket maximums.

- Seven instances (or 12 percent) in which the family of the beneficiary had an annual income at or below 150 percent of the Federal Poverty Level, but the beneficiary was placed in the CHIP sub-group for children whose family had an annual income between 151 percent and 175 percent of the Federal Poverty Level.
- 13 instances (or 22 percent) in which the family of the beneficiary had an annual income at or below 175 percent of the Federal Poverty Level, but the beneficiary was placed in the CHIP sub-group for children whose family had an annual income between 176 percent and 209 percent of the Federal Poverty Level.

<b>Cause</b>	The Federal Poverty Level was not correctly entered into the computer system and co-payments and out-of-pocket maximums were not calculated correctly.
<b>Effect</b>	Failure to record the correct Federal Poverty Level may result in beneficiaries paying incorrect co-payments and out-of-pocket expenses.
<b>Recommendation</b>	We recommend the Mississippi Division of Medicaid strengthen the controls to ensure compliance with the allowable costs requirements of the Children’s Health Insurance Program (CHIP).
<b>Repeat Finding</b>	Yes, 2020-041.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Division of Medicaid concurs with this finding. See additional comments in the Corrective Action Plan on page 324 of this audit report.

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***Significant Deficiency  
 Immaterial Noncompliance***

<b>2021-040</b>	<u>Strengthen Controls to Ensure Compliance with the Allowable Costs Requirements of the Medical Assistance Program.</u>
<b>ALN Number</b>	93.778 – Medical Assistance Program (Medicaid; Title XIX)
<b>Federal Award No.</b>	All Current Active Grants

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**Pass-through Entity** N/A

**Questioned Costs** \$3,863

**Criteria** *Code of Federal Regulations (42 CFR § 438.2)* defines a capitation payment as “a payment the State makes periodically to a contractor on behalf of each beneficiary enrolled under a contract and based on the actuarially sound capitation rate for the provision of services under the state plan.”

*Code of Federal Regulations (42 CFR § 438.2)* defines a rate cell as a set of mutually exclusive categories of enrollees that is defined by one or more characteristics for the purpose of determining the capitation rate and making a capitation payment; such characteristics may include age, gender, eligibility category, and region or geographic area. Each enrollee should be categorized in one of the rate cells for each unique set of mutually exclusive benefits under the contract.

*Milliman’s State Fiscal Year 2021 MississippiCAN Capitation Rate Development Report* states, “The MississippiCAN state fiscal year (SFY) 2021 capitation rates are developed using Mississippi FFS Medicaid data, CCO encounter data, and CCO financial reporting data for a comparable population to that enrolled in CCOs. DOM calculates state-set rates by rate category on a statewide basis with area adjustments based on an enrolled member’s county of residence.”

*Milliman’s State Fiscal Year 2021 MississippiCAN Capitation Rate Development Report* states Coordinated Care Organizations (CCO) capitation payments will vary based on their members’ county of residence. We assigned each county to one of the following regions: North, Central, or South.

**Condition** During testwork performed over allowable costs requirements for the Medical Assistance Program as of June 30, 2021, the auditor tested 120 managed care beneficiaries’ capitation rates and noted the following:

- Three instances (or 2.5 percent) in which the incorrect county of residence was used to determine the beneficiaries’ capitation rate. Of the three, two instances in which the incorrect county of residence resulted in Medicaid paying a higher capitation rate for the beneficiaries, resulting in questioned costs of \$3,863. Questioned costs were not projected for this item due to the different locations of the instances

**Cause** The county code was not changed from the default code in the computer system.

**Effect** Using the incorrect county code resulted in the Mississippi Division of Medicaid paying higher capitation rates, resulting in questioned costs.

**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls to ensure compliance with allowable cost requirements of the Medical Assistance Program.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Division of Medicaid concurs with this finding. See additional comments in the Corrective Action Plan on page 324 of this audit report.

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**ELIGIBILITY**

*Material Weakness*  
*Material Noncompliance*

**2021-041** Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children’s Health Insurance Program (CHIP).

**ALN Number** 93.767 – Children’s Health Insurance Program (CHIP)  
 93.778 – Medical Assistance Program (Medicaid; Title XIX)

**Federal Award No.** All Current Active Grants

**Pass-through Entity** N/A

**Questioned Costs** \$66,926

**Criteria** *Code of Federal Regulations (42 CFR § 435.945(d))* states, “All State eligibility determination systems must conduct data matching through the Public Assistance Reporting Information System (PARIS).”

*The Mississippi Division of Medicaid MAGI-Based Eligibility Verification Plan* states, “The state uses quarterly PARIS data matches to resolve duplicate Medicaid participation in another state and residency discrepancies.”

Per the *Mississippi Medicaid State Plan Attachment 4.32-A*, quarterly file transmissions of Medicaid recipients active in the previous quarter are submitted for matching purposes with applicable federal databases (PARIS) to identify benefit information on matching Federal civilian employees and military members, both active and retired, and to identify duplicate participation across state lines.

*Miss. Code Ann (1972) Section 43-13-116.1(2)* states, “In accordance with Section 1940 of the federal Social Security Act (42 USCS Section 1396w), the Division of Medicaid shall implement an asset verification program requiring each applicant

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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for or recipient of Medicaid assistance on the basis of being aged, blind or disabled, to provide authorization by the applicant or recipient, their spouse, and by any other person whose resources are required by law to be disclosed to determine the eligibility of the applicant or recipient for Medicaid assistance, for the division to obtain from any financial institution financial records and information held by any such financial institution with respect to the applicant, recipient, spouse or such other person, as applicable, that the division determines are needed to verify the financial resources of the applicant, recipient or such other person in connection with a determination or redetermination with respect to eligibility for, or the amount or extent of, Medicaid assistance. Each aged, blind or disabled Medicaid applicant or recipient, their spouse, and any other applicable person described in this section shall provide authorization (as specified by 42 USCS Section 1396w(c)) to the division to obtain from any financial institution, any financial record, whenever the division determines that the record is needed in connection with a determination or redetermination of eligibility for Medicaid assistance.”

*The Mississippi Division of Medicaid Eligibility Policy and Procedure Manual Section 303.03* states, “Section 1940 of the Social Security Act and Mississippi state law requires the verification of liquid assets held in financial institutions for purposes of determining Medicaid eligibility for applicants and beneficiaries in programs with an asset test, i.e., Aged, Blind, and Disabled (ABD) Medicaid programs.

Per *The Mississippi Division of Medicaid Eligibility Policy and Procedure Manual Section 303.03*, implementation of MDOM’s Asset Verification System (AVS) is on/after November 1, 2018. The AVS contractor will perform electronic matches with financial institutions to detect and verify bank accounts based on identifiers including Social Security Numbers for the following COEs: 010 through 015, 019, 025, 045, 062 through 066, and 094 through 096. At each application and redetermination, a request will be submitted through AVS for information on an individual’s financial accounts. The AVS must be used as a primary data source when verifying resources.”

*Code of Federal Regulations (42 CFR § 435.948(a)(1))* states, “The agency must in accordance with this section request the following information relating to financial eligibility from other agencies in the State and other States and Federal programs to the extent the agency determines such information is useful to verifying the financial eligibility of an individual: Information related to wages, net earnings from self-employment, unearned income and resources from the State Wage Information Collection Agency (SWICA), the Internal Revenue Service (IRS), the Social Security Administration (SSA), the agencies administering the State unemployment compensation laws, the State administered supplementary payment programs under section 1616(a) of the Act, and any State program administered under a plan approved under Titles I, X, XIV, or XVI of the Act.”

*Code of Federal Regulations (42 CFR § 435.949(b))* states, "To the extent that information related to eligibility for Medicaid is available through the electronic

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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service established by the Secretary, States must obtain the information through such service, subject to the requirements in subpart C of part 433 of this chapter, except as provided for in §435.945(k) of this subpart."

*The CMCS Informational Bulletin - Subject: MAGI-Based Eligibility Verification Plans* states, "To the extent that information related to Medicaid or CHIP eligibility is available through the electronic data services hub established by the Secretary, states must obtain the information through this data services hub. Subject to Secretarial approval and the conditions described in §435.945(k) and 457.380(i), states can obtain information through a mechanism other than the data services hub."

Per the *Mississippi Division of Medicaid MAGI based Eligibility Verification Plan*, Mississippi Division of Medicaid has determined MDES to be a useful electronic data source.

Per the *Mississippi Medicaid State Plan Attachment 4.32-A*, applicants are submitted weekly to Mississippi Department of Employment Security (MDES) to verify wage and unemployment benefits. Renewals are submitted once per month for the same data. Renewal files are processed in the month prior to the scheduled review due date.

*The Mississippi Division of Medicaid Eligibility Policy and Procedures Manual Section 201.03.04A* requires the use of the individual's most recent tax return to verify income for individuals considered self-employed, a shareholder in an S Corporation, a partner in a business or one who has income from a partnership, LLP, LLC or S Corporation.

**Condition**

During testwork performed over eligibility requirements for the Medical Assistance Program and the Children's Health Insurance Program (CHIP) as of June 30, 2021, the auditor tested 300 total beneficiaries (180 Modified Adjusted Gross Income (MAGI) beneficiaries and 120 aged, blind, and disabled (ABD) beneficiaries) and noted the following:

- Mississippi Division of Medicaid (MDOM) did not use federal tax and/or state tax data to verify income, including self-employment income, out-of-state income, and various types of unearned income. The Medicaid State Plan requires the verification of all income for MAGI-based eligibility determinations, and the *Mississippi Division of Medicaid's Eligibility Policy and Procedure Manual (Section 201.03.04a)* requires the use of an individual's most recent tax return to verify self-employment income. This section further states, if tax returns are not filed, not available, or if there is a change in income anticipated for the current tax year, refer to Chapter 200, Net Earnings from Self-Employment at 200.09.08, for policy on estimating net earnings from self-employment. The MDOM's State Plan does not allow for accepting self-attested

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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income. Therefore, if an applicant indicates zero for self-employment income, the amount of zero must be verified like any other income amount.

- 19 of the 180 MAGI beneficiaries (or 11 percent) reported self-employment income, out-of-state income, or unearned income on the Mississippi income tax return, but the income was not reported on the recipient's application. Of the 19 instances, nine instances (or 47 percent) were noted in which the total income per the most recent tax return available at the time of determination exceeded the applicable income limit for the recipient's category of eligibility.

Due to MDOM's failure to verify self-employment income on the applicant's tax return, MDOM was not aware income exceeded eligibility limits, and did not request any additional information that might have explained why income was not self-reported; therefore, auditor could not determine with certainty that individuals are, in fact, ineligible. However, information that MDOM used at the time of the eligibility determination did not support eligibility. The auditor acknowledges that the self-employment income reported on the income tax returns does not, in and of itself, make the nine sited beneficiaries ineligible, it does indicate that they had self-employment income during the year of eligibility determination that was, potentially, not accurately reported on their application. Furthermore, MDOM did not perform any procedures to verify that the self-employment income reported on the applications was accurate.

MDOM's policy requires the use of the individual's most recent tax return to verify income for individuals considered self-employed, a shareholder in an S Corporation, or a partner in a business or one who has income from a partnership, LLP, LLC or S Corporation. Due to the timing of tax returns filings, including allowable extensions, MDOM requires the use of prior year income verification in these circumstances. Additionally, due to the COVID-19 pandemic, some beneficiaries did not have a redetermination performed in FY 2021, so the auditor tested the prior year redetermination (which made the beneficiary eligible as of June 30, 2021). The due dates for Mississippi tax returns were extended to May 15, 2020 for 2019 tax returns and May 17, 2021 for 2020 tax returns. Based on the extended due dates, and the assumption that the beneficiaries filed their tax returns before these due dates, the auditor used tax return data from the following years: 2018 for determinations prior to May 15, 2020, 2019 for determinations from May 15, 2020 to May 16, 2021, and 2020 for determinations on or after May 17, 2021.

The fiscal year payments for these nine beneficiaries that might not have been eligible to receive the benefits totaled \$23,221 of questioned costs.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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Based on the error rate calculated using the capitation payments of our sample, the projected amount of capitation payments made to beneficiaries who it is reasonably possible were ineligible would fall between \$66,046,582 (projected costs based on actual month payment sampled) and \$69,910,510 (projected costs based on average monthly payments sampled).

The following is a breakdown of these costs by category:

CHIP: Between \$11,746,594 (average monthly) to \$13,800,910 (actual monthly)

MAGI Managed Care: Between \$52,245,672 (actual monthly) to \$58,163,916 (average monthly)

- For 19 of the 180 MAGI beneficiaries (or 11 percent), income was not verified through Mississippi Department of Employment Security (MDES) at the time of the redetermination for the eligibility period that covered June 30, 2021. This resulted in questioned costs of \$43,705. Questioned costs were not projected for this item due to the inability to statistically validate the sample.
- 85 ABD beneficiaries required resource verifications through the Asset Verification system (AVS). Of the 85, seven instances (or 8 percent) in which resources were not verified through AVS at the time of redetermination.
- 293 out of 300 beneficiaries (or 98 percent) were not included on all of the required quarterly Public Assistance Reporting Information System (PARIS) file transmissions for fiscal year 2021.
  - Of the 293 beneficiaries, 249 beneficiaries (or 85 percent) were not included on any quarterly PARIS file transmissions during fiscal year 2021.

**Cause** The Mississippi Division of Medicaid (MDOM) did not have adequate internal controls to ensure compliance with eligibility requirements. Additionally, MDOM did not have policies in place to verify certain types of income on applicant’s tax returns, as required by its own policy and procedures, for eligibility determinations.

**Effect** Failure to comply with eligibility requirements could result in ineligible beneficiaries being determined eligible, resulting in questioned costs and the possible recoupment of funds by the federal granting agency.

**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls to ensure compliance with eligibility requirements of the Medical Assistance Program and the Children’s Health Insurance Program (CHIP).

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**Repeat Finding** Yes, 2020-042 and 2019-027.

**Statistically Valid** Portions of these findings were based on statistically valid samples.

**View of Responsible Officials** Management at the Mississippi Division of Medicaid does not concur with this finding. See additional comments in the Corrective Action Plan on page 325 of this audit report; and the Auditor’s Response to the Corrective Action Plan at page 135 and 329.

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**SPECIAL TESTS AND PROVISIONS – PROVIDER ELIGIBILITY**

*Material Weakness*  
*Material Noncompliance*

**2021-042** Strengthen Controls to Ensure Compliance with Provider Eligibility Requirements of the Children’s Health Insurance Program (CHIP).

**ALN Number** 93.767 – Children’s Health Insurance Program (CHIP)

**Federal Award No.** All Current Active Grants

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** *Code of Federal Regulations (42 CFR 455.432)* states the State Medicaid agency must conduct pre-enrollment and post-enrollment site visits of providers who are designated as “moderate” or “high” categorical risks to the Medicaid program. The purpose of the site visit will be to verify that the information submitted to the State Medicaid agency is accurate and to determine compliance with Federal and State enrollment requirements.

*Code of Federal Regulations (42 CFR 438.602(b))* states, “The State must screen and enroll, and periodically revalidate, all network providers of MCOs, PIHPs, and PAHPs, in accordance with the requirements of part 455, subparts B and E of this chapter. ...This provision does not require the network provider to render services to FFS beneficiaries.”

*Medicaid Provider Enrollment Compendium Section 1.4.1.A.1.a* states, “Under the requirement at 438.602, State Medicaid Agencies (SMAs) may delegate screening activities required under Part 455 Subpart E to a network plan. However, based upon privacy and security concerns including data breaches that include personally identifiable information (PII), we are not allowing SMAs to delegate the collection of disclosures under Subpart B in a manner that results in a single provider entity

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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disclosing the information to more than one entity. A provider that is providing services on behalf of the state Medicaid plan should not be required to disclose PII to multiple entities with which the SMA contracts. In an effort to mitigate the risk that PII will be compromised in a data breach, we further believe the SMA should store PII in the fewest number of locations necessary to meet the requirement of the regulations at Subparts B and E.”

*Medicaid Provider Enrollment Compendium Section 1.5.B* states, “A SMA may, but is not required to, delegate screening activities required under 455 Subpart E to third parties, including networks. (See section 1.4.1.A.1.a. for limitations on delegating the collection of disclosures under Subpart B). In the event the SMA opts to delegate screening under Subpart E, the SMA should make sure third parties are carrying out activities consistently and should make sure redundant screening is not conducted for a provider participating in multiple networks. In addition, the SMA should make sure the third party is documenting screening. For those states delegating screening activities to third party entities, the State should consider any conflicts of interest that may arise. For example, some managed care entities (MCEs) may have delegated credentialing agreements that allow providers to “credential themselves” and submit the appropriate certification needed to participate in a MCE plan. Once the provider attests and submits they have completed all credentialing requirements, the MCE determines whether they will approve of the provider’s participation in the plan. This arrangement is not permissible in complying with the screening requirements at 455 Subpart E as it not only creates a conflict of interest but also we do not believe it allows the state to maintain appropriate oversight of the screening activities.”

*Medicaid Provider Enrollment Compendium Section 1.5.1.B.1* states, “Many Medicaid-enrolled hospitals employ hospitalists or contracted emergency room physicians who are not separately enrolled as Medicaid providers. Services/items/prescriptions that are ordered/referred/written by these hospitalists/contracted physicians are ineligible for payment unless the hospitalist/physician is enrolled in Medicaid, to the extent the claim does not qualify for an exception under 1.5.1.B.2. “When the SMA is not required to Enroll ORPs.”

**Condition**

For the Children’s Health Insurance Program (CHIP), the Mississippi Division of Medicaid (MDOM) delegates the screening of providers to each of the CHIP managed care organizations (MCOs). During fiscal year 2021, MDOM had contracts with two CHIP managed care organizations (MCOs). United Health Care (United) and Molina were healthcare network providers for the entire year. Due to MDOM delegating screening for CHIP, providers were potentially required to disclose personally identifiable information (PII) to multiple entities. Federal regulations require that MDOM limit this disclosure of PII to only one entity for credentialing in order to reduce the possibility of data breaches, and to eliminate redundant screening being conducted for a provider participating in more than one CHIP MCO and/or the Medicaid Assistance Program.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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Per review of the Molina’s 2021 External Quality Review (EQRO) report and discussion with Molina officials, Molina has not completed any required site visits for moderate risk or high risk providers since becoming a CHIP MCO in 2019. Molina has been working with contractors to establish a procedure to complete the required site visits.

Per review of Molina policies and discussion with Molina officials, Molina is not screening and credentialing all providers individually. Providers are screened and credentialed by Molina, a delegated provider entity, at the facility level or not required to be screened or credentialed.

Per *Molina Healthcare Credentialing Program Policy (Policy CR 01)*, “Molina does not require credentialing for some types of practitioners who are credentialed by the organization(s) that employ or contract with them. If a practitioner meets any one of the following criteria, Molina does not require them to be credentialed:

- Practitioners who practice exclusively in an inpatient setting and provide care for Molina Members due to being directed to the hospital or another inpatient setting. Examples may include pathologists, radiologists, anesthesiologists, neonatologists, emergency room physicians, critical care medicine and hospitalists.
- Practitioners who practice exclusively in freestanding facilities and provide care for Molina Members due to being directed to the facility.”

Per *Molina Healthcare Credentialing Program Policy (Policy CR 01)*, “When a practitioner or organizational provider has a direct contract with Molina and is also credentialed by and under contract with an entity Molina has delegated credentialing to, Molina does not need to credential the practitioner or organizational provider. The credentialing done by the delegated entity applies to the practitioner for any location in which they are working. Molina receives regular reports from each delegated entity and if agreement between the practitioner and the delegated entity terminates, Molina credentials the practitioner as indicated below.”

Delegating the credentialing allows providers to “credential themselves” which creates a conflict of interest and does not allow the state appropriate oversight maintain appropriate oversight of the screening and credentialing activities.

**Cause** The Mississippi Division of Medicaid (MDOM) delegated the screening and credentialing of CHIP providers to managed care organizations.

**Effect** Failure to properly credential providers could result in payments being made to ineligible providers, resulting in unallowable costs. In addition, redundant screening can place personally identifiable information (PII) at risk for data breaches.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Department of HHS (continued)**

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**Recommendation** We recommend the Mississippi Division of Medicaid strengthen controls to ensure compliance with the provider requirements of the Children’s Health Insurance Program (CHIP).

**Repeat Finding** Yes, 2020-043.

**Statistically Valid** No.

**View of Responsible Officials** Management at the Mississippi Division of Medicaid did not concur with this finding. See additional comments in the Corrective Action Plan on page 326 of this audit report; and the Auditor’s Response to the Corrective Action Plan at page 136 and 330.

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

**Auditor's note to the Corrective Action Plan from Mississippi Division of Medicaid (MDOM) Management**

**Division of Medicaid – Eligibility - *Material Weakness/Material Noncompliance***

**2021-041      Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children's Health Insurance Program (CHIP)**

This finding is a repeat finding for MDOM since the Fiscal Year 2019 Single Audit. MDOM's State Plan requires the verification of all income for MAGI-based eligibility determinations, and, as stated in the finding, MDOM's Eligibility Policy and Procedure Manual requires the use of an individual's most recent tax return to verify self-employment income. In multiple instances, applicants either misreported self-employment income or failed to report self-employment income. MDOM's failure to adequately capture and verify self-employment income led to 9 instances where individuals who may not have been eligible to receive benefits were awarded benefits. In a similar case reported in last year's audit, two individuals fraudulently applied for and received Medicaid benefits, namely by concealing self-employment income on their tax returns. These instances resulted in over \$70,000 in unentitled benefits being paid. In order to attempt to reduce ineligible individuals from receiving benefits, MDOM should strengthen their controls and perform due diligence to ensure that self-employment income is properly verified. MDOM repeatedly states that they do not have access to state tax return information; however, their own policy states that they will use tax return data to verify self-employment income.

As explained to MDOM by auditors, the questioned costs remained even though MDOM was unable to remove individuals from the program due to COVID-19. The auditor asserts that, if MDOM had performed proper due diligence when initially evaluating these individuals, they may have never been accepted into the program; therefore, the questioned costs remain. The auditor concurs that OSA is not able to know the recipients were actually ineligible; conversely, MDOM is not able to know the recipients are actually eligible due to their own failed compliance with policies. Eligibility for these individuals is, at best, questionable, which is why the payments made are questioned costs.

Additionally, MDOM stated that they do not concur with the section of the finding regarding MDES verifications. To date MDOM has offered no documentation to support their assertion that these individuals were verified through the MDES system.

**Division of Medicaid – Special Tests & Provisions – Provider Eligibility - *Material Weakness/Material Noncompliance***

**2021-042**

**Strengthen Controls to Ensure Compliance with Provider Eligibility Requirements of the Children’s Health Insurance Program (CHIP)**

In the corrective action plan, MDOM states “MDOM requires the MCO to conduct screenings of all providers; however, the MCO may delegate provider credentialing activities, which includes provider screening.” As noted in the finding, Molina delegates credentialing and allows providers to “credential themselves”. The Medicaid Provider Enrollment Compendium (MPEC) states that allowing managed care organizations to delegate provider credentialing activities to allow providers to “credential themselves” is not in compliance with 42 CFR 455. This arrangement creates a conflict of interest and does not allow the MDOM to maintain appropriate oversight.

STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HOMELAND SECURITY

Finding Number      Finding and Recommendation

DEPARTMENT OF EMPLOYMENT SECURITY

REPORTING

*Material Weakness*

*Material Noncompliance*

**2021- 028**                      Strengthen Controls to Ensure Compliance with Reporting Requirements for Lost Wages Assistance.

**ALN Number**                      97.050 – Lost Wages Assistance

**Federal Award No.**              4528DRMSSPLW

**Pass-through Entity**            N/A

**Questioned Costs**                N/A

**Criteria**                              Per the Federal Emergency Management Agency (FEMA) Commonly Asked Questions of the SF-425 report, the Basis of Accounting, Cash or Accrual, should be selected based on the type of accounting that is used. Per this guideline, “Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred” and “Cash basis of accounting refers to the accounting method in which expenses are recorded when they are paid”.

Per the FEMA Lost Wages Supplemental Payment Assistance Guidelines, the Quarter ending December 31 report is due January 30.

Per the FEMA Commonly Asked Questions of the SF-425 report, “Total Recipient Share Required is based on the amount of lost wages benefits and administrative costs spent, this question asks the recipient to enter the total cost-share required for these purchases. This amount should not include cost sharing and match amounts in excess of the amount required by the Federal agency for the cost share.”

Per the Supplemental Payments for Lost Wages guidance, “Upon receiving approval and an initial grant award, state and territories will be required to submit weekly reports to FEMA”. The weekly requirement additionally states “Lost Wages Weekly Report should have been provided to FEMA and are required until all claims were paid”.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – Dept of Homeland Security (continued)**

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*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

**Condition** During review of the reporting requirements for the Lost Wages Assistance program, the auditor noted the following:

- Quarterly Reports were not completed accurately. More specifically the following issues were noted:
  - The basis of accounting was incorrectly documented as cash, however the agency actually used accrual basis for recording appropriate amounts. This issue was determined when the January expenditures were included on the December report. January expenditures being included is acceptable if the agency is using accrual basis due to this report not being submitted until February 12, 2021;
  - The December quarter ending report was not submitted timely, it was submitted 12 days later than required; and
  - The Total Recipient Share Required was inconsistently calculated on the two quarterly reports examined. Specifically the December quarter ending report used 25 percent of the “total federal funds authorized” reported and March quarter ending report used 25 percent of the budgeted “other” amount on the cumulative budget provided by the agency.
- There were ten instances out of 44 (23%) in which a required weekly report was not submitted to FEMA.

**Cause** The Mississippi Department of Employment Security lacks proper internal controls over reporting requirements.

**Effect** Lack of effective internal control over reporting can lead to untimely and inaccurate reports provided to the federal awarding agency.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with reporting requirements for lost wages assistance.

**Repeat Finding** No.

**Statistically Valid** Yes.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – Dept of Homeland Security (continued)**

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**View of Responsible  
Officials**

Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 285 of this audit report.

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*Material Weakness  
Material Noncompliance*

**2021- 029**                      Strengthen Controls to Ensure Proper Review over the Schedule of Expenditures of Federal Awards.

**ALN Number**                17.225 – Unemployment Insurance  
97.050 – Lost Wages Assistance

**Federal Award No.**        UI-34724-20-55-A-28  
4528DRMSSPLW

**Pass-through Entity**      N/A

**Questioned Costs**        N/A

**Criteria**                      *The Code of Federal Regulations 2 CFR 200.508(b) states, “Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.”*

*The Code of Federal Regulations 2 CFR 200.510(b) states, the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502”*

*The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Schedule of Expenditures of Federal Awards contains information such as Assistance Listing Numbers (ALN) and grant identification numbers that must be properly and accurately recorded.*

**Condition**                      During the review of the schedule of expenditures of federal awards for the Mississippi Department of Employment Security, the auditor noted that the agency incorrectly reported Lost Wages Assistance (ALN 97.050) financial activity as Unemployment Insurance (ALN 17.225). The agency incorrectly classified the

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – Dept of Homeland Security (continued)**

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revenue and expenditures of nearly \$250,000,000 for the Lost Wages Assistance program on the schedule of expenditures of federal awards in the 8819100000 and 5820167100 fund.

<b>Cause</b>	The agency did not possess or enforce proper internal control structures. Additionally, the agency did not properly review and reconcile the schedule of expenditures of federal awards information and did not perform review over crucial aspects of financial reporting.
<b>Effect</b>	Failure to properly ensure federal grant activity, including revenue and expenditures, are properly recorded on the agencies Schedule of Expenditures of Federal Awards could result in reporting errors in the State’s Master Schedule of Expenditures of Federal Awards and/or exclusion of major programs to be audited on the State’s Single Audit Report.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure proper review over the schedule of expenditures of federal awards.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 285 of this audit report

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF LABOR

**Finding Number**      **Finding and Recommendation**

**DEPARTMENT OF EMPLOYMENT SECURITY**

**ELIGIBILITY**

*Material Weakness*

*Material Noncompliance*

**2021-015**                      Strengthen Controls to Ensure Compliance with Eligibility Requirements for Unemployment Insurance.

**ALN Number**                      17.225 – Unemployment Insurance

**Federal Award No.**              CARES Act, 2020 and 2021  
UI-34173-20-55-A-28  
UI-34067-20-55-A-28

**Pass-through Entity**              N/A

**Questioned Costs**                      \$62,434,776

**Criteria**                              The *Mississippi State Code Annotated (1972) §71-5-511* states that one is eligible to receive benefits that “has been unemployed for a waiting period of one (1) week”; “participates in reemployment services, such as job search assistance services, if, in accordance with a profiling system established by the department, it has been determined that he is likely to exhaust regular benefits and needs reemployment services”; “is able to work, available for work and actively seeking work”.

The *Mississippi State Code Annotated §71-5-505(1)* states “For weeks beginning on or after July 1, 1991, each eligible individual who is totally unemployed or part totally unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his wages, if any, payable to him with respect to such week which is in excess of Forty Dollars (\$40.00).”

The *Mississippi State Code Annotated §71-5-513* describes reason for separation that disqualifies the individual as “(a) For the week, or fraction thereof, which immediately follows the day on which he left work voluntarily without good cause, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case; however, marital, filial and domestic circumstances and obligations shall not be deemed good cause within the meaning of this subsection. Pregnancy shall not be deemed to be a marital, filial or domestic circumstance for the purpose of this subsection. (b) For the week, or fraction thereof, which immediately follows the day on which he was discharged for misconduct connected with his work, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case. (c) The burden of proof of good cause for leaving work shall be on the claimant, and the burden of proof of misconduct shall be on the employer.”

*Unemployment Insurance Program Letter (UIPL) Number 13-20, Change 1, Attachment 1, Question 2* states that a state *must demonstrate* steps it has taken or will take to implement three elements, including (i) suspending the waiting week, (ii) modifying or suspending the work search requirements, and (iii) non-charging employers. For each of the three elements, the minimum requirement is to modify, suspend, or waive **for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers** (emphasis added by auditor).

*Unemployment Insurance Program Letter (UIPL) Number 28-20* states that the Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions. *Unemployment Insurance Program Letter 13-20* states that program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits. Both UIPL letters 13-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration Cross Matches
- 4) Internet Protocol Address Checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

*Unemployment Insurance Program Letter (UIPL) Number 10-20* states that DOL has a longstanding legal interpretation of federal unemployment law that “unemployment” includes a reduction of both work hours and earnings; therefore, an individual who is not working, but has not experienced a reduction in income (including earnings, paid sick leave, and paid family leave), is not eligible to receive unemployment benefits.

**STATE OF MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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*Section 4.b. of UIPL No. 14-20*, Trade Readjustment Assistance (TRA) is payable to eligible claimants after exhaustion of Unemployment Insurance (UI) benefits, which include (1) regular UI under state law; (2) Extended Benefits (EB); (3) Pandemic Unemployment Assistance (PUA); (4) Pandemic Emergency Unemployment Compensation (PEUC). Also, Per *Section 3.a.v of UIPL No. 16-20, Change 4*, Continued Assistance Act “adding a requirement for individuals to submit documentation of employment or self-employment”. This requirement applies for all individuals receiving Pandemic Unemployment Assistance payment after December 27, 2020.

States must provide individual notification to claimants about provisions of the Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act). This includes changes to program dates and benefit levels for the Pandemic Emergency Unemployment Compensation (PEUC), PUA, and Federal Pandemic Unemployment Compensation (FPUC) programs, as well as the creation of the Mixed Earners Unemployment Compensation (MEUC) program.

Per *Section 4.b.i.D of UIPL No. 16-20, Change 5*, "the state could provide an option for the individual to select 'None of the above.' However, if the individual self-certifies that none of the COVID-19 related reasons apply, the individual will be denied for the week in question because they no longer meet the eligibility requirement for PUA and the state must issue a written, appealable determination.”

Per *Section 4.a of UIPL No. 16-20*, “PUA provides benefits to covered individuals, who are those individuals not eligible for regular unemployment compensation or extended benefits under state or Federal law or PEUC, including those who have exhausted all rights to such benefits.”

Per *Section D.1 of Attachment I to UIPL No. 15-20*, “The state must notify a potentially eligible individual of his or her entitlement to FPUC. Such notification should include both the beginning and ending dates for the FPUC program.”

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

*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as authorization, approval, verification, and adherence to policy, procedures, and regulations are implemented and followed. These activities are essential to

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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minimizing the risk of fictitious claims and misstated financial position.

**Condition**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted by the federal government in response to the COVID-19 pandemic required state unemployment agencies to increase the amount of benefits paid to claimants. Additionally, claimants were able to collect unemployment payments for an expanded time frame, and claimants who would otherwise not qualify for benefits (such as independent contractors and self-employment persons) were able to qualify for benefits. In order to process the multitude of claims in an expeditious manner, the Mississippi Department of Employment Security (MDES) opted to override the existing controls designed in the internal control system. Proven and tested controls over Unemployment Insurance claims were altered or disregarded for the periods of March 2020 through December 2020. MDES did not implement any compensating controls or additional verifications to ensure that the override of controls would not adversely affect claims paid. By overriding and disregarding controls, MDES did not adequately safeguard the federal program against fraud, waste, and abuse. Controls altered for the claims submitted in the noted timeframes were:

- Waived; One week waiting period; March 8, 2020 – December 26, 2020;
- Waived; Work Search Requirements; March 8, 2020 – August 8, 2020;
- Waived; Able to work, Available to work, and Actively Seeking Work (A&A); March 8, 2020 – September 26, 2020;
- Altered; Weekly Earning Allowance increased from \$40 to \$200; May 3, 2020 – September 26, 2020; and
- Altered; Reason for separation from *ALL* employers in base period changed to separation from *MOST RECENT* employer; March 8, 2020 - September 26, 2020.

Due to these controls being ignored or overridden, MDES was unable to properly monitor the immense influx of claims and to properly vet those claims for fraud. During fiscal year 2021, total unemployment benefit claims increased from \$2,146,060,996 (fiscal year 2020) to \$2,475,899,125 (fiscal year 2021), a 15% increase. Overpayments of benefits was noted to increase from \$117,948,403 (fiscal year 2020) to \$473,787,010 (fiscal year 2021), a 301% increase. These payments include:

- Payments made to individuals who never lost or had a reduction in wages;
- Fraudulent payments due to stolen identity;
- Payments made to incarcerated individuals; and
- Payments made due to international unemployment fraud.

In particular, MDES inadvertently allowed incarcerated individuals to receive payment when the control that required claimants to verify that they were “actively seeking work” was waived. Incarcerated individuals were then able to apply for benefits and receive approval without any additional verification from MDES.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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MDES personnel were initially overwhelmed by the influx of claims and were unable to accurately report the amount of increased loss the State was subject too, and were unable to adequately monitor the fraud that was reported by individuals when they received notification of benefits received.

MDES personnel were initially overwhelmed by the influx of claims and were unable to accurately report the amount of increased loss the State was subject too, and were unable to adequately monitor the fraud that was reported by individuals when they received notification of benefits received.

Federal guidance that required the easing of pre-pandemic conditions for receiving unemployment state that the State is required to implement the minimum requirements to modify, suspend, or waive for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers; however, MDES chose to waive or suspend requirements for the waiting week, work search requirements, and non-charging employees as additional measures. During testing of UI benefits paid during fiscal year 2021, the auditor tested 60 recipients and noted that individuals applying for unemployment during the pandemic were indeed not subject to work search requirements, or the waiting week for benefits. Additionally, auditor noted the following:

- For DUA Claims the following occurred:
  - Five instances in which work search requirements were waived for Compensable Week Ending (CWE) between March 8, 2020 and August 8, 2020; resulting in questioned costs of \$497.
  - Four instances in which work search result was not submitted along with the weekly certificates for the CWE after August 8, 2020; resulting in questioned costs of \$391.

Total actual questioned costs - \$888

Total projected questioned costs - \$8,427

- For PUA Claims the following occurred:
  - Due to controls being turned off from March 8, 2020 to August 8, 2020, all PUA claims during that period, totaling \$62,432,862, are being questioned.
  - Five instances in which work search results were not submitted along with the weekly certificates for CWE after August 8, 2020; resulting in questioned costs of \$708.

It was also noted that two of these five claims also resulted in duplicate PUA payments for the same week. The costs associated with this are included in the above amount.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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- One instance that when the PUA claimant self-certified that “none of the COVID-19 related reasons apply”, the claimant was still paid for the compensable week ending which resulted in questioned costs of \$106 for PUA benefits;
- One instance in which the “Notice for Proof of Employment” was not generated for PUA claimant who received a payment of \$106 after December 27, 2020;
- One instance that a PUA Claimant was not registered with WIN Job Center and benefits were paid resulting in questioned costs of \$106;
- One instance in which a PUA claimant instead should have been receiving PEUC benefits for the CWE; while the claimant should have received the benefits from a different program, it did not increase the costs overall.

Total actual questioned costs - \$62,432,862

Total projected questioned costs - \$86,735,470

- For Trade Readjustment Allowance (TRA) Benefits, there was one claim payment paid before extended benefits were exhausted; this however did not result in questioned costs.
- For PEUC Benefits, there was one instance in which there was no notification to the claimant of program dates/benefit level changes for their PEUC benefits, this did not result in questioned costs.
- Six instances in which FPUC benefit determination notices were not generated by the system and sent to the claimant; while the notification was not sent, the claim payment amounts were not affected, therefore no questioned costs.

Regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. MDES personnel bore the ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum.

**Cause**

Agency was overwhelmed by COVID-19 pandemic and policies and procedures for Eligibility determinations were not followed.

MDES did not have proper internal controls in place due to overriding or waiving existing controls. This caused MDES the inability to verify that unemployment claims were paid to proper claimants.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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<b>Effect</b>	Failure to properly enable controls and follow policies and procedures increases the risk of fraud and misappropriation of liabilities, which can result in material misstatements of financial statements. Failure to maintain supporting documentation for eligibility determination could result in questioned costs and recoupment of costs by the federal granting agency.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with eligibility requirements for unemployment insurance. Management should continue to review, monitor and enhance eligibility procedures to detect and prevent improper and fraudulent payments.
<b>Repeat Finding</b>	Yes, 2020-036.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security does not concur with this finding. See additional comments in the Corrective Action Plan on page 278 of this audit report; and the Auditor's Response to the Corrective Action plan on page 160 and 288.

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**MATCHING, LEVEL OF EFFORT, EARMARKING**

*Material Weakness  
 Material Noncompliance*

<b>2021-022</b>	<u>Strengthen Controls to Ensure Compliance with Matching Requirements for Unemployment Insurance.</u>
<b>ALN Number</b>	17.225 – Unemployment Insurance
<b>Federal Award No.</b>	UI-34724-20-55-A-28
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	\$935,077
<b>Criteria</b>	<i>The Families First Coronavirus Response Act (Pub. L. 116-127), in Division D of the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA), temporarily provides for 100% Federal funding of sharable extended benefits (EB) payments through December 31, 2020 for states that receive Allotment I and II of the emergency administrative grants, as discussed in Unemployment Insurance Program Letter (UIPL) No. 13-20. States are reminded that Section 204(a) (3), Extended Unemployment Compensation Act (EUCA), prohibits Federal sharing for EB attributable to employment with state and local governments or Federally-recognized Indian tribes. This prohibition does</i>

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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not apply to EB attributable to employment with 501(c) (3) nonprofit organizations.

*The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate an agency should appropriately update program rules to meet federal program guidelines.

**Condition** During review of matching contributions and EB in relation to unemployment insurance, it was noted that the Mississippi Department of Employment Security (MDES) treated all EB claims as fully federally funded. Per discussion with MDES personnel, the agency specifically stated that they inadvertently programmed all employer accounts to qualify for federal sharing to extended benefits. This allowed local and state government entities and federally recognized Indian Tribes to qualify for extended benefits, however this was prohibited per federal guidelines.

The auditor reviewed a listing of local and state government entities and federally recognized Indian tribes that received extended benefits and specifically verified that six of these entities did in fact receive extended benefits that should have been prohibited. The auditor verified the total of benefits paid to these excluded entities and it totaled \$935,077.

**Cause** MDES inadvertently programmed all employer accounts to qualify for federal sharing of Extended Benefits including the local and state government entities and federally recognized Indian Tribes.

**Effect** Prohibited entities, including state and local governments and federally recognized Indian tribes, were allowed to receive federal funds in relation to extended benefits.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with matching requirements for unemployment insurance.

**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 280 of this audit report

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**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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**PERIOD OF PERFORMANCE**

*Material Weakness  
 Material Noncompliance*

**2021-023**                    Strengthen Controls to Ensure Compliance with Period of Performance Requirements for Unemployment Insurance.

**ALN Number**            17.225 – Unemployment Insurance

**Federal Award No.**    UI-34724-20-55-A-28

**Pass-through Entity**   N/A

**Questioned Costs**     \$47,701

**Criteria**                    The start and end date of extended benefits (EB) are paid based on statutory triggers from trigger notice number 2020-18 and 2020-48 respectively. For Mississippi, EB was triggered on for compensable week ending (CWE) May 24, 2020 and off for CWE December 19, 2020.

Per the Federal Emergency Management Agency (FEMA) *Declaration DR-4536-MS* the funding period for Disaster Unemployment Assistance (DUA) generally covers a 26-week period after the declaration has been declared. The starting CWE was April 25, 2020 and the ending date was October 17, 2020.

The Department of Labor *UIPL Number 14-21* provides references for the period of performance for Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC). Specifically in regards to the conditions listed above, PEUC began week ending April 4, 2020 and ended week ending September 4, 2021. Also, FPUC began week ending April 4, 2020 and ended week ending July 25, 2020.

*The Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities ensure payments are only made during appropriate time periods.

**Condition**                    During review of benefit payments at the Mississippi Department of Employment Security, the auditor noted the following instance of noncompliance with period of performance:

- 240 instances totaling \$38,589, in which EB were paid for a CWE after the eligibility period of December 19, 2020,
- 27 instances totaling \$2,862, in which Disaster Unemployment Assistance (DUA) benefits were paid for CWE’s that were outside of the Disaster Assistance Period which is the 26 weeks that began with the first day of

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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the week following the date the major disaster was declared by the President,

- 93 instances totaling \$6,162, in which PEUC was paid for CWE’s before the eligibility period which began for week ending April 4, 2020, and
- Four instances totaling \$88 in which FPUC benefits were paid for CWEs before the eligibility period which began week ending April 4, 2020.

<b>Cause</b>	The Mississippi Department of Employment security did not properly program the ReEmployment system to reflect the correct dates or periods of performance for unemployment benefits.
<b>Effect</b>	The failure to establish internal controls enabled material noncompliance to go undetected resulting in payments being made for benefits prior to and after the correct period of performance.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with period of performance requirements for unemployment insurance.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 282 of this audit report

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**REPORTING**

*Material Weakness*  
*Material Noncompliance*

<b>2021-029</b>	<u>Strengthen Controls to Ensure Proper Review over the Schedule of Expenditures of Federal Awards.</u>
<b>ALN Number</b>	17.225 – Unemployment Insurance
<b>Federal Award No.</b>	UI-34724-20-55-A-28 4528DRMSSPLW
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	N/A

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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<b>Criteria</b>	<p><i>The Code of Federal Regulations 2 CFR 200.508(b)</i> states, “Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.”</p> <p><i>The Code of Federal Regulations 2 CFR 200.510(b)</i> states, the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502”</p> <p><i>The Internal Control – Integrated Framework</i>, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and <i>the U.S. Government Accountability Office Standards for Internal Control in the Federal Government</i> (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Schedule of Expenditures of Federal Awards contains information such as Assistance Listing Numbers (ALN) and grant identification numbers that must be properly and accurately recorded.</p>
<b>Condition</b>	<p>During the review of the schedule of expenditures of federal awards for the Mississippi Department of Employment Security, the auditor noted that the agency incorrectly reported Lost Wages Assistance (ALN 97.050) financial activity as Unemployment Insurance (ALN 17.225). The agency incorrectly classified the revenue and expenditures of nearly \$250,000,000 for the Lost Wages Assistance program on the schedule of expenditures of federal awards in the 8819100000 and 5820167100 fund.</p>
<b>Cause</b>	<p>The agency did not possess or enforce proper internal control structures. Additionally, the agency did not properly review and reconcile the schedule of expenditures of federal awards information and did not perform review over crucial aspects of financial reporting.</p>
<b>Effect</b>	<p>Failure to properly ensure federal grant activity, including revenue and expenditures, are properly recorded on the agencies Schedule of Expenditures of Federal Awards could result in reporting errors in the State’s Master Schedule of Expenditures of Federal Awards and/or exclusion of major programs to be audited on the State’s Single Audit Report.</p>
<b>Recommendation</b>	<p>We recommend the Mississippi Department of Employment Security strengthen controls to ensure proper review over the schedule of expenditures of federal awards.</p>
<b>Repeat Finding</b>	<p>No.</p>
<b>Statistically Valid</b>	<p>Yes.</p>

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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**View of Responsible  
 Officials**

Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 285 of this audit report

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***Material Weakness  
 Immaterial Noncompliance***

**2021-026**                      Strengthen Controls to Ensure Compliance with Reporting Requirements for Unemployment Insurance.

**ALN Number**                17.225 – Unemployment Insurance

**Federal Award No.**        UI-34724-20-55-A-28

**Pass-through Entity**      N/A

**Questioned Costs**         N/A

**Criteria**

*The Code of Federal Regulations 2 CFR 200.302 states each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.*

*Per the UI Reports Handbook No. 401, The Agency is required to submit quarterly ETA 191 reports. The ETA 191 is due by the 25th of the month following the close of the quarter.*

*The Agency is required to submit monthly ETA 2112 report. Per the UI Reports Handbook No. 401 the ETA 2112 is due the 1st day of the second month following the month of reference. The handbook also notes that all funds deposited into, transferred, or paid from the state unemployment fund (the state clearing account, the state account in the UTF, and the state benefit payment account) should be reflected on the ETA 2112 except for payments/benefits paid under the Alternative Trade Adjustment Assistance (ATAA) and Trade Adjustment Assistance (TAA) programs.*

*The Agency is also required to submit monthly ETA 9050, 9052 and 9055 reports. Per the UI Reports Handbook No. 401, the ETA 9050, 9052 and 9055 reports are due on the 20th of the month following the month to which the data relates.*

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that proper review and approval procedures should be in place to ensure accuracy and reliability of reports submitted by the agency.

**Condition** The Mississippi Department of Employment Security is required to submit various reports to federal awarding entities. Upon testing, the following issues were noted:

- During review of two ETA-191 reports for the quarters ending September 2020 and June 2021, the following issues were noted:
  - No evidence of written supervisory approval could be provided for the reports; and
  - Supporting documents could not be provided for the adjustment amounts on the penalties and interest.
- During review of eight monthly ETA 2112 reports, auditors noted:
  - Pandemic Unemployment Assistance (PUA) disbursements were understated by \$12,228,112 in the June 2021 report; and
  - Transfers from the Federal Unemployment Account (FUA) were not reported on line 15 in four reports tested for the months of August 2020, and March, May, and June 2021.
- During review of 12 Performance Reports the following issues were noted:
  - There was no written supervisory approval before submission of four ETA-9050 reports, four ETA-9052 reports, and four ETA-9055 reports;
  - The data submitted for one ETA-9050 failed to pass the Department of Labor’s data validation program for fiscal year 2021; and
  - One ETA-9052 report for the month of November was not submitted timely. The report was due December 20, 2020 and it was not submitted until February 9, 2021, which is 51 days late.

**Cause** The Mississippi Department of Employment Security lacks adequate review procedures and proper internal controls over reporting requirements.

**Effect** Without proper review and approval, reports could be inaccurate and incomplete which could result in improper funding by the federal entity.

**Recommendation** We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with reporting requirements for unemployment insurance and implement effective internal review and approval procedures to ensure reports are submitted accurately and timely to the Department of Labor.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible**

**Officials** Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 283 of this audit report

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**SPECIAL TESTS AND PROVISIONS – BENEFIT PAYMENTS**

*Material Weakness*

*Material Noncompliance*

**2021-024** Strengthen Controls to Ensure Compliance with Special Tests – Benefit Payments Requirements for Unemployment Insurance.

**ALN Number** 17.225 – Unemployment Insurance

**Federal Award No.** UI-34724-20-55-A-28

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** As stated in the *Employment and Training Handbook No. 395, 5<sup>th</sup> Edition*: Section 13: Completion of Cases and Timely Data Entry, Prompt completion of investigations is important to ensure the integrity of the information being collected by questioning claimant and employers before the passage of time adversely affects recollections. Prompt entry of associated data is necessary for both the State Workforce Agency and the Department of Labor to maintain current databases.

Therefore, the following time limits are established for completion of all cases for the year. (The "year" includes all batches of weeks ending in the calendar year.):

- a minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch, and 95 percent of cases must be completed within 90 days of the week ending date of the batch; and
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the calendar year.

*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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activities dictate that case investigations should be timely in order to ensure accuracy and reliability.

<b>Condition</b>	During review of the Benefits Accuracy Measurement (BAM) Program, the auditor determined that the Mississippi Department of Employment Security (MDES) was not meeting the timeliness requirement for the BAM unit’s performance in investigating BAM paid cases. It was specifically noted that there were ten instances in which paid case investigations were not completed within the 60 day time requirement. Further investigation of the full population resulted in the agency not meeting the 70 percent of cases (230 out of 496, or 46%) investigations being completed within 60 days, nor the 95 percent of cases (371 out of 496, or 75%) investigated and completed within 90 days.
<b>Cause</b>	Due to the increased demand during the COVID-19 Pandemic, BAM investigative staff were reassigned to other departments for additional assistance, which caused MDES personnel to be unable to meet the timeliness requirement for investigated case completion.
<b>Effect</b>	Failure to follow federal quality control guidelines may result in a decrease and/or loss of federal funds.
<b>Recommendation</b>	We recommended the Mississippi Department of Employment Security strengthen controls to ensure compliance with special tests – benefit payments requirements for unemployment insurance. These internal controls should ensure that Benefits Accuracy Measurement (BAM) Program Case investigations are completed in a timely manner.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 282 of this audit report.

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**SPECIAL TESTS AND PROVISIONS - OVERPAYMENTS**

*Material Weakness*  
*Material Noncompliance*

**2021-025**                    Strengthen Controls to Ensure Compliance with Special Tests – Program Integrity-Overpayments Requirements for Unemployment Insurance.

**ALN Number**            17.225 – Unemployment Insurance

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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**Federal Award No.** UI-34724-20-55-A-28

**Pass-through Entity** N/A

**Questioned Costs** \$633,222

**Criteria** As stated in the *Attachment I to Unemployment Insurance Program Letter (UIPL) No. 16-20 Change I*, Pandemic Unemployment Assistance (PUA) payments must be reduced to recover overpayments for other states if the state has signed the Interstate Reciprocal Overpayment Recovery Arrangement (IRORA) agreement. However, the state may not offset more than 50 percent from the PUA payment to recover overpayments for other programs.

As stated in the *Attachment I to UIPL No. 17-20, Change I*, The state may not offset more than 50 percent from the Pandemic Emergency Unemployment Compensation (PEUC) payment to recover an overpayment.

*The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate agencies should correctly program systems to comply with federal guidelines.

**Condition** During testing performed on overpayments, the auditor noted that the Mississippi Department of Employment Security had incorrect offset percentages setup in ReEmployMS to recover overpayments. The agency was incorrectly recovering overpayments by offsetting PUA and PEUC with other benefit programs. Specifically the agency used:

- PUA benefit payments to offset 100% of overpayments that occurred from Mixed Earners Unemployment Compensation program (MEUC) and Federal Pandemic Unemployment Compensation (FPUC) benefits; and
- PEUC benefit payments to offset 100% of overpayments that occurred from PUA, MEUC, FPUC, Regular Unemployment Insurance, and Extended Benefit overpayments.

This resulted in questioned costs of \$633,222.

**Cause** The agency programmed the ReEmployMS system using incorrect offset percentages and did not take into consideration that they could not take more than 50 percent of the benefit payments from claimants when recovering overpayments.

**Effect** The claimant may not receive the appropriate amount of PUA and PEUC benefits if the agency uses incorrect offset percentages to recover overpayments from the previously mentioned unemployment programs.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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<b>Recommendation</b>	We recommended the Mississippi Department of Employment Security strengthen controls to ensure compliance with special tests – program integrity-overpayments requirements for unemployment insurance.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 282 of this audit report

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**SPECIAL TESTS – EMPLOYER EXPERIENCE RATING**

*Material Weakness  
 Immaterial Noncompliance*

**2021-027**                      Strengthen Controls to Ensure Compliance with Special Tests – Employer Experience Rating Requirements for Unemployment Insurance.

**ALN Number**                17.225 – Unemployment Insurance

**Federal Award No.**        UI-34724-20-55-A-28

**Pass-through Entity**      N/A

**Questioned Costs**        N/A

**Criteria**                      The Families First Coronavirus Response Act (enacted March 18, 2020), provides that, in the context of COVID-19, states have the flexibility of determining whether Unemployment Insurance benefits that are not federally funded will be charged to employer accounts for experience rating purposes and should consider how to fairly distribute these costs to employers.

In response to the Families First Coronavirus Response Act, on July 7, 2020, the Mississippi State Legislature enacted SB 3051 which created special provisions for both the general and individual experience rates for calendar year 2021 to address the effects of the COVID-19 pandemic. This legislation allowed for the following:

- Mississippi to set the general experience rate for 2021 to 0%;
- Excluding the charges attributed to each employer's individual experience rate for the period March 8, 2020, through June 30, 2020, from the employer's individual experience rate calculations for purposes of calculating the total unemployment insurance rate for 2021 as well as excluding these charges for calendar years 2022 and 2023; and,

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Labor (continued)**

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- Excluding the charges attributed to each employer's individual experience rate for the period July 1, 2020, through December 31, 2020, from the employer's individual experience rate calculations for purposes of calculating the total unemployment insurance rate for 2022 as well as excluding these charges for calendar years 2023 and 2024.

*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specify that satisfactory control activities should exist to ensure an effective internal control system exists. Effective internal controls should be in place to ensure accurate calculations occur for employer experience rating.

<b>Condition</b>	While testing the employer experience benefit rating, there were four instances in which benefits charged to employer accounts were inadvertently excluded when calculating the 2021 employer experience rate. Specifically, the agency included these weeks as part of the noncharging weeks that should have begun after March 8, 2020. Noncharging weeks began after March 8, 2020, however the agency inadvertently included certain charges during the second quarter of 2020 as noncharging as well.
<b>Cause</b>	Certain claims with effective dates between the PUA program effective date of February 2, 2020, and Executive Order 1462 waiting period waiver date of March 8, 2020, were waived. These waived weeks were therefore incorrectly non-charged to the employer.
<b>Effect</b>	Including benefits paid for compensable weeks ending before March 8, 2020 in non-charging benefit will cause the employer’s individual experience rating for 2021 to be incorrectly lower than it should be and therefore reduce some employers contributions to the unemployment insurance Trust Fund and decreases the unemployment insurance trust fund balances.
<b>Recommendation</b>	We recommended the Mississippi Department of Employment Security strengthen controls to ensure compliance with special tests – employer experience rating requirements for unemployment insurance.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security concurs with this finding. See additional comments in the Corrective Action Plan on page 284 of this audit report.

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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management**

**Department of Employment Security – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-043      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed for Coronavirus Relief Funds**

Much of MDES’ argument that the questioned costs should be removed relies on Mississippi State Law and disregards the requirements of the **federal** CRF grant. MDES asserts in their response that, because the MS Legislature appropriated money to specific types of workforce development, that those expenditure automatically became eligible for CRF funding. While the MS Legislature has the authority to appropriate CRF money to certain types of workforce development, those items still must have met the three allowable cost requirements of the CRF funds. State law authorizing equipment purchases cannot overrule the federal program guidelines. MDES failed to document or perform adequate due diligence to ensure that the fixed asset purchases made by their subrecipients met the grant requirements. These expenditures were not properly justified with any cost comparison to ensure that the purchase was the most cost-effective solution. Additionally, MDES could not provide any compelling evidence that these expenditures were necessary due to the pandemic.

As stated in the finding, MDES could not provide documentation that the “student vouchers” paid for with CRF monies were necessary due to the pandemic. MDES could not provide compelling evidence that these students were new students, that they completed the courses, that the courses were able to benefit the students in the workforce, or that they were even necessary due to the pandemic.

MDES’ assertion that extensive documentation has been provided to OSA to validate these purchases is erroneous. MDES provided documentation to OSA, but that documentation did not support that the charges were necessary or justified. The justifications for necessity in some instances was nonsensical, and did not support that the purchases were necessary due to the pandemic. In the example noted by MDES in their response, two lathes costing a total of \$313,800 were purchased to assist with displaced internships. Those two lathes served 22 students, for a per student price of \$14,263. By fall of 2021, the internships had resumed – meaning that the lathes were used for one semester. The college in question provided no evidence that any other method of fulfilling the internships was considered, and no other options for a more cost-effective solution rather than buying over \$300,000 in fixed assets was contemplated. In a second example given by MDES, the college purchased drones to assist in training drone pilots. MDES response notes that drones are an emerging technology and that additional drone pilots will be needed by 2025;

however, MDES does not provide any compelling justification as to why these drones and trained drone pilots were necessary due to the pandemic.

## **Department of Employment Security – Eligibility - *Material Weakness/Material Noncompliance***

### **2021-015      Strengthen Controls to Ensure Compliance with Eligibility Requirements for Unemployment Insurance**

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration cross matches
- 4) Internet Protocol Address checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

- 1) Interstate Suspicious Actor Repository to match claims across states
- 2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
- 3) Data Analytic tools
- 4) Fraud Alert Systems
- 5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

## **Department of Employment Security – Subrecipient Monitoring - *Material Weakness/Material Noncompliance***

### **2021-045      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements**

When documentation of pre-award risk assessments was requested during the audit process, MDES did not provide any auditable documentation to the auditors. While MDES stated that they relied upon the same pre-award risk assessment for the CRF grants as the Workforce Innovation and Opportunity Act (WIOA) grants, none of the WIOA pre-award risk assessments were provided. Personnel at MDES stated, when this documentation was requested, that “there was no risk assessment of the four local areas performed prior to the awarding of the CRF funds... We work closely with the local areas on a daily basis, perform yearly subrecipient monitoring, and regularly conduct technical assistance all of which are closely monitored by MDES management for any indication that we should reassess the locals as anything but low risk. We understand that this is not documented and therefore does not meet the risk assessment requirement but wanted to give the context of our actions.”

MDES appears to concur that they did not provide documented evidence to auditors that all required grant elements were presented to grantees. It should be noted that this evidence has still not been provided to auditors as of the date of this report.

Lastly, the questioned costs as outlined in finding 2021-043 verify that MDES did not have proper monitoring procedures in place to monitor subrecipients of the CRF grant program. MDES disagrees that these costs should be questioned (as noted in their response to finding 2021-043); therefore, they do not concur that their monitoring procedures and controls failed. OSA has explained, in detail, both in finding 2021-043 and in the rebuttal to MDES’ response above why the auditor questioned these expenses. Please refer to finding 2021-043 for further information.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF TRANSPORTATION

Finding Number      Finding and Recommendation

DEPARTMENT OF TRANSPORTATION

SUBRECIPIENT MONITORING

*Material Weakness*

*Material Noncompliance*

**2021-019**                      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

**ALN Number**                20.205 – Highway Planning and Construction

**Federal Award No.**        All Current Active Grants

**Pass-through Entity**      N/A

**Questioned Costs**         N/A

**Criteria**                      *Code of Federal Regulations (2 CFR §200.331(f)) states all pass-through entities (PTE's) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements when it is expected that the subrecipient's Federal awards expended during the fiscal year equaled or exceeded the threshold—a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted—set forth in § 200.501 Audit requirements.*

*Code of Federal Regulations (2 CFR § 200.512(a)(1)) states the audit must be completed and the data collection form and reporting package must be submitted within the **earlier of** 30 calendar days after receipt of the auditor's report(s), **or** nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.*

*Code of Federal Regulations (2 CFR § 200.512(a)(2)(b)) states the Federal Audit Clearinghouse (FAC) is the repository of record for Subpart F – Audit Requirements reporting packages and the data collection form. All Federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the FAC.*

*Code of Federal Regulations (2 CFR § 200.332(d)(2)) states the PTE must follow up ensuring that the Subrecipient takes timely and appropriate action on all*

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Transportation (continued)**

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deficiencies pertaining to the Federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

*Code of Federal Regulations (2 CFR § 200.332(d)(3))* states the PTE must issue a management decision for applicable audit findings pertaining only to the Federal award provided to the Subrecipient from the PTE as required by § 200.521.

**Condition** Based on conversations with management, MDOT is not reviewing Single Audits submitted by subrecipients within six months of acceptance to the FAC. MDOT only reviews Single Audit reports available at the time of application and awarding federal funds to LPAs.

During review of one 2019 Federal Year End submitted Single Audit Report of a subrecipient with MDOT as the PTE, we noted the Single Audit report identified a material weakness for Assistance Listing Number 20.205 due to the subrecipient requesting reimbursements prior to actual payment of project costs. MDOT did not issue a management decision regarding a material weakness noted.

**Cause** MDOT’s current policy is to only review submitted Single Audit reports submitted by subrecipients during the request of future funding by LPAs. Due to timing of the request of future funding, MDOT may not review submitted Single Audit reports during the required six month period after subrecipient files single audit to the FAC.

**Effect** Without proper monitoring of subrecipients’ submitted federal reports, subrecipients may participate in unallowable activities that go undetected by MDOT, the grantor.

**Recommendation** We recommend that the Mississippi Department of Transportation strengthen controls to ensure compliance with the Subrecipient Monitoring requirements.

**Repeat Finding** No.

**Statistically Valid** No.

**View of Responsible Officials** Management at the Mississippi Department of Transportation concurs with this finding. See additional comments in the Corrective Action Plan on page 313 of this audit report.

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**SPECIAL TEST AND PROVISIONS – WAGE RATE**

*Material Weakness*  
*Material Noncompliance*

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Transportation (continued)**

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**2021-020**                      Strengthen Controls to Ensure Compliance with Wage Rate Requirements.

**ALN Number**                20.205 – Highway Planning and Construction

**Federal Award No.**        All Current Active Grants

**Pass-through Entity**      N/A

**Questioned Costs**        N/A

**Criteria**                      *Code of Federal Regulations (29 CFR § 3.3(b) Labor)* requires each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by part 3 and part 5 of this title during the preceding weekly payroll period. This statement shall be executed by the contractor or subcontractor or by an authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be on the back of Form WH 347, “Payroll (For Contractors Optional Use)” or on any form with identical wording.

*Code of Federal Regulations (29 CFR § 3.4(a) Labor)* requires each weekly statement required under §3.3 shall be delivered by the contractor or subcontractor, within seven days after the regular payment date of the payroll period, to a representative of a Federal or State agency in charge at the site of the building or work, or, if there is no representative of a Federal or State agency at the site of the building or work, the statement shall be mailed by the contractor or subcontractor, within such time, to a Federal or State agency contracting for or financing the building or work.

**Condition**                    MDOT is not requiring contractors or subcontractors to submit within seven days after the regular payment date of the payroll period a statement with respect to the wages paid to each of its employees engaged in federal projects.

MDOT was unable to correct prior year finding 2020-034 due to timing of MDOT’s submitted corrective action plan dated June 29, 2021. MDOT denoted in submitted corrective action plan that estimated completion of corrective action would occur by August 1, 2021. MDOT also stated in submitted summary schedule of prior federal audit findings dated June 21, 2022, that the prior year finding was fully corrected. However, due to the corrective action occurring after fiscal year 2021 year-end, Auditor was unable to determine if MDOT’s corrective action was properly implemented for fiscal year 2021.

**Cause**                        Before submission of MDOT’s corrective action plan dated June 29, 2021, MDOT’s current standard practice of requiring payroll submissions to be current by the first week of monthly estimates allows contractor submissions to be later than the seven-day submission requirement.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Transportation (continued)**

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<b>Effect</b>	Failure to review contractor or subcontractor submitted payroll forms timely may result in improper payment of wage rates, work performed, and/or abuse of federal funds.
<b>Recommendation</b>	We recommend MDOT strengthen controls to ensure compliance with federal wage rate requirements.
<b>Repeat Finding</b>	Yes, 2020-034.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Transportation does not concur with this finding. See additional comments in the Corrective Action Plan on page 314 of this audit report; and the Auditor’s Response to the Corrective Action Plan at page 169 and 319.

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**SPECIAL TEST AND PROVISIONS – QUALITY ASSURANCE PROGRAM**

*Significant Deficiency  
 Immaterial Noncompliance*

<b>2021-021</b>	<u>Strengthen Controls to Ensure Compliance With Special Test Requirements Related to the Quality Assurance Program.</u>
<b>ALN Number</b>	20.205 – Highway Planning and Construction
<b>Federal Award No.</b>	All Current Active Grants
<b>Pass-through Entity</b>	N/A
<b>Questioned Costs</b>	N/A
<b>Criteria</b>	<p>The <i>Code of Federal Regulations (23 CFR § 637.205(a) Quality assurance program)</i> requires each State Transportation Department shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each Federal-aid highway construction project on the National Highway System are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in § 637.207 and be approved by the Federal Highway Administration.</p> <p>MDOT’s Independence Assurance Sampling (IAS) personnel are to follow the schedule set for sample size, frequency of sampling and the designation of responsibility for sampling and testing set by MDOT’s S.O.P. No.: TMD-06-02-00-000.</p>

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Transportation (continued)**

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The *Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify control activities- “As part of delegating authority, management evaluates the delegation for proper segregation of duties within the unit and in the organizational structure. Segregation of duties helps prevent fraud, waste, and abuse.”

<b>Condition</b>	During review of MDOT’s Quality Assurance Program, we identified the following: <ul style="list-style-type: none"><li>• Twenty (20) instances, out of 100 sampling records selected for testing, in which the selected sample was completed, reviewed, and authorized by the same employee.</li><li>• Four (4) instances, out of fifty (50) sampling records selected for testing, in which the sample did not appear on the TMD-891 report. The TMD-891 report denotes all IAS samples taken for a project and states whether the sample was favorable or non-favorable when compared to the appropriate Job Control Acceptance sample.</li><li>• Four (4) instances, out of fifty (50) IAS sample records selected for testing, in which IAS personnel did not meet the minimum sampling guidelines.</li></ul>
<b>Cause</b>	MDOT staff failed to follow the policies and procedures related to the sampling rates of materials used in federal projects. Also, MDOT staff failed to adhere to proper segregation of duties, relating to review and authorization of lab reports.
<b>Effect</b>	If the minimum sampling rate is not met as required by MDOT policies that are approved by FHWA, materials used in federal projects may fail to meet required federal standards. Also, lab reports being completed, reviewed, and authorized by the same employee could result in improper sampling, or incomplete tests or inaccurate tests.
<b>Recommendation</b>	We recommend MDOT strengthen controls over their Quality Assurance Program.
<b>Repeat Finding</b>	Yes, OTH-20-06.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Transportation does not concur with this finding. See additional comments in the Corrective Action Plan on page 316 of this audit report; and the Auditor’s Response to the Corrective Action Plan at page 169 and 319.

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

**Auditor's note to the Corrective Action Plan from Mississippi Department of Transportation (MDOT) Management**

**Department of Transportation – Special Test & Provisions – Wage Rate - *Material Weakness/Material Noncompliance***

**2021-020      Strengthen Controls to Ensure Compliance with Wage Rate Requirements**

MDOT states that their Contract Administration Department (CAD) does not have control over when the contractors or subcontractors submit their weekly statements or when the warrants are issued to contractors. However, the Code of Federal regulations (as quoted in the finding) requires that MDOT retain control over those very things. Even though MDOT did not concur with the finding, they provided some type of corrective action to help mitigate the issue and OSA will verify that these actions were taken by MDOT in a future audit.

**Department of Transportation – Special Test & Provisions – Quality Assurance Program - *Significant Deficiency/Immaterial Noncompliance***

**2021-021      Strengthen Controls to Ensure Compliance with Special Test Requirements Related to the Quality Assurance Program**

Based on the Corrective Action Plan, MDOT provided pending corrective action for part of the finding and appeared to concur, even though they stated they did not concur with the finding. They did not provide pending corrective action for the portion of the finding for the 20 instances in which the sample was completed, reviewed, and authorized by the same employee.

MDOT states that the review and authorization of the sample items are not practicable to be segregated; however, MDOT provided no compensating controls to help ensure that sampling records are accurate, complete, authorized, or entered into the database correctly. It should be noted that MDOT personnel incorrectly coded sampling information four times out of 20. Some type of additional control procedure to ensure that the sampling information is correct could prevent further errors.

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STATE OF MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF THE TREASURY

**Finding Number**      **Finding and Recommendation**

**DEPARTMENT OF FINANCE AND ADMINISTRATION/DEPARTMENT OF AGRICULTURE  
AND COMMERCE**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness*

*Material Noncompliance*

**2021-050**                      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.

**ALN Number**                      21.019 Coronavirus Relief Fund (CRF)

**Federal Award No.**              N/A

**Pass-through Entity**              Department of Finance and Administration (Prime Recipient) to Department of Agriculture and Commerce (part of the Prime Recipient)

**Questioned Costs**                \$244,457

**Background**                      The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**                              The Mississippi State Legislature established the Mississippi Agriculture Stabilization Act (MASA) to be administered by the Mississippi Department of Agriculture and Commerce (MDAC) to assist Mississippi:

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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- Poultry farmers who have experienced a loss of at least one full flock of production due to the COVID-19 pandemic,
- Commodity producers who qualified for the USA Coronavirus Food Assistance Program (CFAP), and
- Sweet potato farmers for expenses due to the COVID-19 pandemic.

The CARES Act provides that payments from the Fund may only be used to cover costs that are: 1) necessary expenditures incurred due to the public health emergency with respect to COVID-19; 2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (later amended to 12/31/2021).

Grant applications require the grantee to confirm understanding that claims must be substantiated by independent evidence of costs associated with losses directly attributable to the COVID-19 pandemic.

**Condition**

During allowable costs testing for the Mississippi Department of Agriculture and Commerce, the auditor noted the following:

- 39 Coronavirus Food Assistance Program (CFAP) grant amounts totaling \$803,935 were selected for audit. Eighteen of the grants were either not substantiated by adequate support, support was not related to COVID-19, or were incurred outside of the grant period resulting in actual known questioned costs of \$188,351. When extrapolated against the entire population of CFAP grant payments, projected questioned costs of \$982,100 were noted.
- Four of the eight sweet potato grant payments audited were not properly supported. The grantee provided utility/storage fees for the period, but no documentation as to how much additional fees were incurred due to the pandemic. This resulted in actual known questioned costs of \$56,106. The auditor extrapolated the costs across the entire population of 19 sweet potato grants resulting in \$262,795 of projected questioned costs.
- The auditor selected 15 poultry grants totaling \$503,837 for testing. Wording in the Mississippi Agriculture Stabilization Act (MASA) were ambiguous and did not clearly define “full flock loss”. As a result, the auditor was unable to calculate the appropriate grant amount. As the “full flock loss” was a state requirement only, the auditor is not questioning the costs related to the poultry farmers.

**Cause**

The contractor responsible for reviewing documentation and supporting documentation for the grants relied primarily of “self-attestation” of the grantee.

**Effect**

Failure to maintain supporting documentation for eligibility determination could result in questioned costs and recoupment of costs by the federal granting agency.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Recommendation** We recommend the Mississippi Department of Agriculture and Commerce strengthen controls to ensure compliance with allowable costs and activities allowed requirements for Coronavirus Relief Funds.

**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Department of Agriculture concurs with this finding. See additional comments in the Corrective Action Plan on page 241 of this audit report.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION/DEPARTMENT OF EDUCATION**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness*

*Material Noncompliance*

**2021-044** Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).

**ALN Number** 21.019 Coronavirus Relief Fund (CRF)  
 84.425D Elementary and Secondary School Emergency Relief Fund (ESSER)

**Federal Award No.** All Current Active Grants

**Pass-through Entity** Department of Finance and Administration (Prime Recipient) to Department of Education (part of the Prime Recipient)

**Questioned Costs** N/A

**Background** The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds,

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**

Per *Section 31-7-9, Mississippi Code of 1972, Annotated*, “Procurement regulations shall be promulgated by the Office of Purchasing, Travel, and Fleet Management, with approval of the Public Procurement Review Board.”

Per the *Mississippi Procurement Manual, Section 1.103*, “All procurement regulations require all parties involved in the negotiation, performance or administration of Mississippi contracts to act in good faith.”

Per the *Mississippi Procurement Manual, Section 1.104 (2)*, “The procurement regulations shall apply to every expenditure of public funds irrespective of their source, when such expenditures are made in compliance with or are designated by Section 31-7-1, et seq. Mississippi Code of 1972, Annotated. However, in the event of a conflict, the guidelines of the grant, gift, or self-generated funds shall prevail; and in any case, violation of these regulations shall carry such penalties as may be applicable under state laws.”

Per the *Mississippi Procurement Manual, Section 3.110*, “Notwithstanding any other provisions of this regulation, the Chief Procurement Officer, the head of a purchasing agency, or a designee of either officer may make or authorize others to make emergency procurements under emergency conditions ... provided, that such emergency procurements shall be made with such competition as is practicable under the circumstances.”

**Condition**

Mississippi Senate Bill 3044, adopted during the 2020 legislative session, otherwise known as the “Equity in Distance Learning Act (the Act)”, provided funding for devices and other technology for the students, teachers, and administrators in the schools of Mississippi. The Act authorized MDE to prepare an Express Product Listing (EPL) for computer equipment. The Act further authorized MDE to utilize emergency procurement procedures to solicit bids for the EPL. MDE signed contracts with Apple, Inc. to provide Apple devices to schools without any competitive bidding process. However, MDE opted to use a competitive bidding process with bid solicitations for other computer and technology needs.

During our audit, auditors noted that MDE staff conducted regular meetings with individuals from the winning bidder of the authorized Express Product Listing prior to publishing the official Request For Quote (RFQ) to vendors. Additionally, MDE’s Chief Information Officer forwarded a draft of the “Prime Contractor Requirements” or specifications to a member of the winning bidder 20 days before the RFQ was officially released. The winning bidder made modifications to the specifications before they were submitted in the RFQ.

MDE stated that all vendors that were solicited for bids were provided the specifications in advance; however, only the winning bidder was given the

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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opportunity to make suggestions to edits to the specifications. According to documentation provided to auditors, the following serves as a timeline of communication:

- July 2, 2020** – Email to future winning bidder with listed specifications as “draft”.
- July 9, 2020** – Email from future winning bidder to MDE with changes in specifications marked in red.
- July 21, 2020** – Microsoft “Teams” chat with second bidder where specifications (with some of future winning bidder edits) are provided.
- July 22, 2020** – Email to third bidder where specifications (with some of future winning bidder edits) are provided.
- July 29, 2020** – Official RFQ was provided to vendors.
- July 31, 2020** – Deadline for vendor questions.
- August 1, 2020** – Deadline for questions answered.
- August 3, 2020** – Deadline for submissions of responses to RFQ.
- August 3, 2020** – Evaluation of Responses.
- August 4, 2020** – Vendor interviews.
- August 4, 2020** – Review of submissions by MDE panel.
- August 5, 2020** – Contract negotiations.
- August 6, 2020** – Board Approval.
- August 18, 2020** – Contract Awarded (no later than date).

It should be noted that four vendors submitted proposals and were evaluated. However, MDE did not present documentation that showed the fourth vendor was provided specifications in advance. The memorandum on August 4, 2020 that describes the selection process in broad terms only references three vendors, but does show a scored rubric for four vendors, illustrating inconsistencies in the procurement process.

The winning bidder was provided the ability to edit specifications and was provided the specifications approximately 30 days in advance while the other vendors were only given approximately two weeks to prepare bids. The winning bidder suggested extensive “prime contractor requirements” for the specifications, including information suggesting how many square feet distribution centers needed to be sized, financing options, experience with specific programs, etc. Auditors could not see evidence that these specific requirements were added to the specifications provided to other vendors; however, the winning bidder was provided an unfair advantage in suggesting that these requirements would aid in the deployment process. Additionally, similar requirements and experience factors were noted by MDE and the procurement reviewers during the proposal analysis phase.

When comparing prices on the RFQ, the winning bidder received 35 points for the category of “Devices, including price considerations.” However, when price was compared, the winning bidder was not the lowest bidder, nor the second lowest bidder. The next highest score in the category was “25” but the prices of the competitor were significantly lower. MDE failed to provide any information on why the points were assigned and calculated other than an overall memorandum

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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of the scores and process. Based on information provided, it does not appear that the procurement process was designed to promote fair and open competition; nor does it appear that all parties negotiated the agreements in good faith.

**Cause** MDE failed to act in good faith in obtaining requisitions of equipment related to CRF and ESSER funds.

**Effect** Failure to act in good faith during procurement negotiations can open MDE to civil litigation claims. Additionally, implied preference to vendors could result in public distrust in the procurement process. Lastly, implied preference could result in fraud, waste, or abuse during the procurement process.

**Recommendation** We recommend the Mississippi Department of Education strengthen controls to ensure compliance with allowable costs requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).

**Repeat Finding** No.

**Statistically Valid** No.

**View of Responsible Officials** Management at the Mississippi Department of Education does not concur with this finding. See additional comments in the Corrective Action Plan on page 249 of this audit report; and the Auditor's Response to the Corrective Action Plan on page 199 and 261.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION/DEPARTMENT OF EMPLOYMENT SECURITY**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness  
 Material Noncompliance*

**2021- 043** Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.

**ALN Number** 21.019 Coronavirus Relief Fund (CRF)

**Federal Award No.** N/A

**Federal Agency** Department of Treasury

**Pass-through Entity** Department of Finance and Administration (Prime Recipient) to Department of Employment Security (part of the Prime Recipient)

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Questioned Costs**      \$2,787,558

**Background**      The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**      Office of the Inspector General Memorandum OIG-CA-20-021 “Coronavirus Relief Fund Reporting and Record Retention Requirements” states that Recipients of Coronavirus Relief Fund payments shall maintain ... all documents and financial records sufficient to establish compliance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801(d)), which provides:

- (d) USE OF FUNDS.—A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—
1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
  2. Were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and
  3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021.

Per the Federal Register / Vol. 86, No. 10, “As with all uses of payments from the Fund, the use of payments to acquire or improve property is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of real estate and acquisitions of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination.”

**Condition**      During review of Coronavirus Relief Fund payments at the Mississippi Department of Employment Security, the auditor noted the following instances where it could not be determined from the documentation provided that these expenses were necessary due to the public health emergency:

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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- 11 instances of “student vouchers” to pay for tuition of courses taught at varying Community Colleges. Auditors were unable to determine from the documentation provided that these expenses were considered necessary due to the public health emergency. Vouchers were for a wide-range of programs including welding, construction, general business, heavy equipment, student fees, etc. Subgrantees (community colleges) did not provide adequate documentation to address how these classes were related to the public health emergency; nor did they establish any type of program guidelines that would dictate that the fees covered only classes performed during the grant’s period of performance. Documentation could not substantiate that these classes were new classes added due to the pandemic, or that the voucher support aided those in need due to the pandemic.

Total actual questioned costs - \$13,263

Total projected questioned costs - \$1,825,345

- 18 instances, totaling \$2,735,144 of equipment purchases for various equipment used for instruction of classes during the period of performance. Two of the 19 instances also fell outside of the period of performance.

Equipment purchases include:

- Professional drones (\$6,299)
- Cutting tables (\$44,518)
- Tractors (\$42,201)
- Welding kits (\$15,309)
- Hydraulic learning systems (\$133,870)
- HVAC trainers (\$104,720)
- PLC modules for trainers (\$130,000)
- Virtual Reality simulator (\$61,800)
- Welding simulators (\$245,500)
- Front End Loader (\$161,231)
- SmartLabs (\$182,414)
- HVAC System for teaching (\$24,950)
- Opthamalic Technology – Edger (\$24,495)
- Twin spindle lathes (\$313,800)
- Heavy equipment simulators (\$172,247)
- Robot intelligent manufacturing system (\$1,071,790)

Auditors were unable to determine from the documentation provided that these expenses were considered necessary due to the public health emergency. Subgrantees (community colleges) did not provide adequate documentation to address how these purchases were directly related to the public health emergency; nor did they establish any type of program guidelines that would dictate that the equipment would be used during the grant’s period of performance. Documentation could not substantiate that

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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these equipment purchases were due to new classes added due to the pandemic; nor could the documentation substantiate that these purchases were not accounted for in the most recently approved budget as per the date of enactment of the grant.

While the guidelines of the grant allowed governments to determine what items were necessary for the pandemic, the government is still responsible for demonstrating how items purchased addressed that need, and how the need was directly related to the COVID-19 pandemic. Additionally, governments were responsible for ensuring that any equipment purchased was the most cost effective method of addressing any needs that arose. For example, rather than purchasing new equipment, a government could rent equipment until the COVID-19 necessity passed. Auditors could find no documentation to support how MDES assessed that these equipment purchases were necessary directly due to the pandemic, and if any more cost effective methods of addressing those needs were considered.

State legislation granting MDES these CRF monies did dictate that the purpose of the funds were for “short-term training programs and the equipment and supplies necessary to support such short-term training programs and to increase the capacity of training programs that are already in place so that employees and others who have been displaced due to the Covid-19 public health emergency can be more competitive and trained for the job market that emerges after the Covid-19 public health emergency, for on-the-job training and for certain administrative fees.” However, preparing individuals for a “post Covid-19 job market” does not meet the requirements that grant monies be utilized to meet expenditures necessary for the “current Covid-19 emergency”. Additionally, MDES is required to ensure that expenditures paid for by grant monies met the federal guidelines before determining if the expenditures met the requirements of any additional state imposed restrictions on how to spend grant monies.

- One instance, totaling \$37,099, in which equipment purchased was put into service outside of the period of performance (December 31, 2021). Auditors were also unable to determine from the documentation provided that these expenses were considered necessary due to the public health emergency. Subgrantee (community colleges) did not provide adequate documentation to address how this purchase was directly related to the public health emergency; nor did they establish any type of program guidelines that would dictate that the equipment would be used during the grant’s period of performance. Documentation could not substantiate that these equipment purchases were due to new classes added due to the pandemic; nor could the documentation substantiate that these purchases were not accounted for in the most recently approved budget as per the date of enactment of the grant.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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According to the subgrantee, the equipment was purchased, but no instructor was available to teach the class; therefore, the equipment was not used during the period of performance.

Total actual questioned costs - \$2,774,295  
 Total projected questioned costs - \$17,999,485

<b>Cause</b>	MDES did not appropriately monitor or review expenditures at the subrecipient level to ensure adherence to allowable costs and activities allowed guidelines.
<b>Effect</b>	Failure to monitor or review expenditures at the subrecipient level could result in MDES purchasing items that are unallowable, and the grantor requesting recoupment of those costs disallowed.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with allowable costs and activities allowed requirements for Coronavirus Relief Funds.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	Yes.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security does not concur with this finding. See additional comments in the Corrective Action Plan on page 273 of this audit report; and the Auditor's Response to the Corrective Action Plan on page 201 and 287.

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**SUBRECIPIENT MONITORING**

*Material Weakness  
 Material Noncompliance*

<b>2021-045</b>	<u>Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.</u>
<b>ALN Number</b>	21.019 Coronavirus Relief Fund (CRF)
<b>Federal Award No.</b>	N/A
<b>Pass-through Entity</b>	Department of Finance and Administration (Prime Recipient) to Department of Employment Security (part of the Prime Recipient)
<b>Questioned Costs</b>	N/A
<b>Background</b>	The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**

*The Code of Federal Regulations 2 CFR 200.332(a)* requires that a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. This required information includes:

- Subrecipient name (which must match the name associated with its unique entity identifier);
- Subrecipient's unique entity identifier;
- Federal Award Identification Number (FAIN);
- Federal Award Date of award to the recipient by the Federal agency;
- Subaward Period of Performance Start and End Date;
- Subaward Budget Period Start and End Date;
- Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award.

Additionally, *The Code of Federal Regulations 2 CFR 200.332(b)* requires that the pass-through entity evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring requirements.

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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These “pre-award risk assessments” should be performed prior to grant performance, and can include considerations such as the grantee’s prior experience with federal awards, the results of prior audits, new grantee personnel or systems, and the extent and results of federal awarding agency monitoring.

*The Code of Federal Regulations 2 CFR 200.332(d)* states that the pass-through entity should monitor the activities of the subrecipient as necessary to ensure that the grantee uses the award for the authorized purposes and in compliance with federal statutes, regulations, and the terms and conditions of the award.

**Condition**

During review of the subrecipient monitoring requirements at the Mississippi Department of Employment Security, the auditor noted the following:

- MDES did not document pre-award risk assessments for the subrecipients of the CRF grant funds. According to MDES personnel, the agency regularly interacts with the subrecipients (Planning and Development Districts (PDDs), the Local Workforce Development Areas (LWDA) and community colleges), and that these same PDD’s are utilized for the Workforce Innovation and Opportunity Act (WIOA) grants, and are monitored as part of that grant process. Further, MDES states that state law governs the creation of the LWDA’s, and the roles and responsibilities of each. Due to this relationship, MDES states that the entities are low risk, but does not have any documented support of these assessments – including why or how these low-risk assessments were determined.
- MDES did not include all the required grant elements to the PDDs upon the initial grant award notices. The PDDs then awarded the state’s community colleges grant awards based on state legislation, but also did not include all the required elements.
  - Of the four PDD subawards, three (or 75%) did not include the federal award identification number, the unique identity identifier, the federal award date, or the assistance listing number.
- MDES did not properly monitor allowable cost spending at the subrecipient level. Due to this failure to properly monitor, auditors noted the following questioned costs:
  - \$13,263 in student voucher payments that are not supported by documentation;
  - \$2,735,144 in equipment purchases that are not supported by documentation;
  - \$37,099 in equipment purchases for equipment that were not put into service during the period of performance.

More detail about these questioned costs, including the projections, are described in finding 2021-043 of this report.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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<b>Cause</b>	The Mississippi Department of Employment security did not feel it was necessary to document the pre-award risk assessment due to their familiarity with the subrecipients. Additionally, detailed subrecipient monitoring was not performed by MDES when reviewing subrecipient purchases for reimbursement to determine if the costs met the allowable costs requirements.
<b>Effect</b>	The failure to properly perform a documented risk assessment and to monitor subrecipient’s adherence to allowable cost guidelines could result in misspending of the grant funds.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with subrecipient monitoring requirements.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	N/A
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Employment Security does not concur with this finding. See additional comments in the Corrective Action Plan on page 281 of this audit report; and the Auditor's Response to the Corrective Action Plan at page 203 and 289.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION/MISSISSIPPI EMERGENCY MANAGEMENT AGENCY**

**ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

*Material Weakness*

*Material Noncompliance*

<b>2021-046</b>	<u>Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.</u>
<b>ALN Number</b>	21.019 Coronavirus Relief Fund (CRF)
<b>Federal Award No.</b>	N/A
<b>Federal Agency</b>	Department of Treasury
<b>Pass-through Entity</b>	Department of Finance and Administration (Prime Recipient) to Mississippi Emergency Management Agency (part of the Prime Recipient)
<b>Questioned Costs</b>	\$2,878,402

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Background**

The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**

Per the *Federal Register / Vol. 86, No. 10*, “As with all uses of payments from the Fund, the use of payments to acquire or improve property is limited to that which is necessary due to the COVID-19 public health emergency. In the context of acquisitions of real estate and acquisitions of equipment, this means that the acquisition itself must be necessary. In particular, a government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination.”

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides that payments from Coronavirus Relief Funds (CRF) may only be used to cover costs that are: 1) necessary expenditures incurred due to the public health emergency with respect to COVID-19; 2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (later amended to 12/31/2021).

**Condition**

Mississippi Emergency Management Agency (MEMA) incurred costs to purchase and refurbish a building using CRF monies. The stated purpose of the building was store personal protective equipment (PPE) to allow for better distribution throughout the State of Mississippi. However, during testing, auditors noted that PPE storage only utilized a small portion of the 8,800 square feet of the building, which sits on 16 acres of land. A press release issued by MEMA on September 23, 2020 states that while the building, known as the State Emergency Logistical Operations Center (SELOC), “... will be an immense asset to the state’s COVID-19 response, MEMA’s vision for the logistical operations center extends past the pandemic. In the future, the facility will serve as a permanent space to hold disaster response and relief supplies in addition to emergency management equipment. It will also be the permanent location for MEMA’s procurement and allocation branches. Overall, this new facility will help support MEMA’s future growth in all aspects of the agency’s operations.” These statements, along with the lack of documentation of consideration of alternate, more cost efficient methods of PPE storage (such as short term rentals, existing usable space, etc. resulted in a potentially unnecessary expenditure of CRF monies, thereby violating grant

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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allowable costs. While the costs indirectly help MEMA respond to COVID-19, we have determined them to not be necessary as the costs will primarily benefit future emergencies.

The building purchase resulted in known questioned costs of \$2,360,000.

Additionally, during the testing of 60 other expenditures items, 21 items (or 35%) were noted to be payments for the purchase of items related to the building and for refurbishment of the building. Since the purchase of the building itself is questioned (the underlying asset), any additional expenses related to preparing the asset for service are also questioned. The 21 items identified as expenses related to the SELOC during testing resulted in \$518,402 of actual questioned costs.

In total, the building purchase resulted in known questioned costs of \$2,878,402.

An additional \$3,152,390 in likely questioned costs was also noted.

<b>Cause</b>	The Agency purchased a building and paid additional costs to put the building into service that violated the grant requirements that purchases be necessary, and for the current COVID-19 pandemic. While a portion of the building was used for PPE storage, the majority of the asset will benefit MEMA in future disaster events. Additionally, MEMA did not properly document more cost-effective means of storing PPE equipment to establish necessity of purchase.
<b>Effect</b>	Failure to comply with allowable costs and activities allowed requirements could result in the grantor requesting recoupment of costs disallowed.
<b>Recommendation</b>	We recommend the Mississippi Emergency Management Agency strengthen controls to ensure compliance with allowable costs and activities allowed requirements for Coronavirus Relief Funds.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	No.
<b>View of Responsible Officials</b>	Management at the Mississippi Emergency Management Agency does not concur with this finding. See additional comments in the Corrective Action Plan on page 331 of this audit report; and the Auditor's Response to the Corrective Action Plan on page 205 and 337.

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**SUBRECIPIENT MONITORING**

*Material Weakness*  
*Material Noncompliance*

**2021-047**                      Strengthen Controls to Ensure Terms and Conditions are stated in Subrecipient

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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Subaward Documents.

<b>ALN Number</b>	21.019 Coronavirus Relief Fund (CRF)
<b>Federal Award No.</b>	N/A
<b>Pass-through Entity</b>	Department of Finance and Administration (Prime Recipient) to Mississippi Emergency Management Agency (part of the Prime Recipient)
<b>Questioned Costs</b>	N/A

**Background** The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria** *The Code of Federal Regulations 2 CFR 200.332(a)* requires that a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward (and if any of these data elements change, include the changes in subsequent subaward modification). When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. This required information includes:

- Subrecipient name (which must match the name associated with its unique entity identifier);
- Subrecipient's unique entity identifier;
- Federal Award Identification Number (FAIN);
- Federal Award Date of award to the recipient by the Federal agency;
- Subaward Period of Performance Start and End Date;
- Subaward Budget Period Start and End Date;
- Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award.

**Condition** During testwork performed for subrecipient monitoring for year ended June 30, 2021, the auditor noted that 100% of the 60 sampled subawards issued to subrecipients of CRF grants did not include all of the required data elements such as the Assistance Listing Number (ALN), award name and number, whether the award is research and development, and the name of the federal awarding agency.

**Cause** An abbreviated application agreement was the only form of subrecipient agreement entered into between MEMA and the subrecipients of the CRF grants.

**Effect** Failure to include required information about the grant to subrecipients could increase the likelihood that subrecipients will not comply with single audit requirements; and that MEMA could be required to pay back grant funds.

**Recommendation** We recommend the Mississippi Emergency Management Agency strengthen controls to ensure terms and conditions are stated in subrecipient subaward documents as required by Uniform Grant Guidance.

**Repeat Finding** No.

**Statistically Valid** Yes.

**View of Responsible Officials** Management at the Mississippi Emergency Management Agency does not concur with this finding. See additional comments in the Corrective Action Plan on page 333 of this audit report; and the Auditor's Response to the Corrective Action Plan on page 206 and 338.

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***Material Weakness  
Material Noncompliance***

**2021-048** Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

**ALN Number** 21.019 Coronavirus Relief Fund (CRF)

**Federal Award No.** N/A

**Pass-through Entity** Department of Finance and Administration (Prime Recipient) to Mississippi Emergency Management Agency (part of the Prime Recipient)

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Questioned Costs** N/A

**Background** The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria** The *Code of Federal Regulations (2 CFR §200.331(f))* states all pass-through entities (PTE’s) must verify that every subrecipient is audited as required by Subpart F - Audit Requirements when it is expected that the subrecipient's Federal awards expended during the fiscal year equaled or exceeded the threshold—a non-Federal entity that expends \$750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single audit conducted—set forth in § *200.501 Audit requirements*.

**Condition** During testwork performed for Subrecipient Monitoring for CRF, the auditor noted 55 of the 60 subrecipients tested (91.7%) were noted as not monitored by MEMA. MEMA’s policies and procedures for monitoring subrecipients’ filing of a single audit report only required monitoring of those subrecipients that received more than \$750,000 directly from MEMA, and not subrecipients that received more than \$750,000 in the aggregate for the fiscal year among a variety of sources.

**Cause** MEMA’s subrecipient monitoring policy incorrectly references *Uniform Guidance § 200.501* as the requirements that MEMA should follow to comply with its subrecipient monitoring requirements.

**Effect** Failure to consider if subrecipients were required to file an audit report for aggregated federal expenditures of over \$750,000 resulted in MEMA not properly monitoring subrecipients for adherence to federal audit guidelines.

**Recommendation** We recommend the Mississippi Emergency Management Agency strengthen controls to ensure compliance with subrecipient monitoring requirements.

**Repeat Finding** No.

**Statistically Valid** Yes.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**View of Responsible  
 Officials**

Management at the Mississippi Emergency Management Agency concurs with this finding. See additional comments in the Corrective Action Plan on page 335 of this audit report.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION/MISSISSIPPI PUBLIC UTILITIES  
 STAFF**

**SUBRECIPIENT MONITORING**

*Material Weakness*

*Material Noncompliance*

**2021-049**                      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

**ALN Number**                21.019 Coronavirus Relief Fund (CRF)

**Federal Award No.**        N/A

**Pass-through Entity**      Department of Finance and Administration (Prime Recipient) to Mississippi Public Utilities Staff (part of the Prime Recipient)

**Questioned Costs**        N/A

**Background**                The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**                      *The Code of Federal Regulations 2 CFR 200.332(a)* requires that a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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and subaward. This required information includes:

- Subrecipient name (which must match the name associated with its unique entity identifier);
- Subrecipient's unique entity identifier;
- Federal Award Identification Number (FAIN);
- Federal Award Date of award to the recipient by the Federal agency;
- Subaward Period of Performance Start and End Date;
- Subaward Budget Period Start and End Date;
- Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award.

<b>Condition</b>	During review of the subrecipient monitoring requirements at the Mississippi Public Utilities Staff, the auditor noted the following:  Of the six subaward agreements tested, six (or 100%) did not include the assistance listing number, period of performance, and the federal awarding agency
<b>Cause</b>	The Mississippi Public Utilities Staff used subrecipient agreements that lacked the proper information sufficient to ensure the pass-through entities to comply with federal statutes.
<b>Effect</b>	The failure to properly communicate to subrecipients the required information could result in the failure to comply with award federal statutes, regulations, and the terms and conditions of the award.
<b>Recommendation</b>	We recommend the Mississippi Department of Employment Security strengthen controls to ensure compliance with subrecipient monitoring requirements.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	N/A

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**View of Responsible  
 Officials**

Management at the Mississippi Public Utilities Staff concurs with this finding. See additional comments in the Corrective Action Plan on page 339 of this audit report.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION/MISSISSIPPI VETERANS AFFAIRS**

**REPORTING**

*Material Weakness*

*Material Noncompliance*

**2021-052** Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**ALN Number** 21.019 Coronavirus Relief Funds (CRF)

**Federal Award No.** N/A

**Pass-through Entity** Department of Finance and Administration (Prime Recipient) to Mississippi Veterans Affairs (part of the Prime Recipient)

**Questioned Costs** Unable to determine due to disclaimer audit opinion

**Background**

The United States Treasury, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, granted the Mississippi Department of Finance and Administration (DFA), as the State’s Fiscal Agent, \$1.25 billion in Coronavirus Relief Funds (CRF) (ALN 21.019). In order to expedite the spending of the funds to abide by the initial period of performance end date of December 30, 2020, the Mississippi State Legislature passed several pieces of legislation that directed the Mississippi Department of Finance and Administration to allocate the CRF grant funds to various other state agencies. These state agencies are considered part of the “prime recipient” along with DFA; therefore, no subrecipient relationship existed within the regulations of the CRF grant. In order to audit these funds, audits of expenditures were performed at each state agency that received CRF monies, and the management of those agencies responded to the findings and provided corrective action plans in lieu of DFA providing them.

**Criteria**

*The Code of Federal Regulations (2 cfr §200.510(b))* states, in part “the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502.”

*Code of Federal Regulations (2 cfr §200.502(a))* states, in part, “the determination of when a federal award is expended must be based on when the activity related to the Federal award occurs.”

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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*The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP)* manual *Section 27.30.60* states, “The Federal Grant Activity schedule supports amounts reported on the GAAP packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act, Office of Management and Budget Uniform Grant Guidance and the State’s audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports.”

**Condition** During the audit of Mississippi Veterans Affairs (MVA) for fiscal year ended June 30, 2021, auditors noted that MVA recorded expenditures related to the Coronavirus Relief Funds based on an allocation of all expenditures and revenues for the months of October, November and December. When the auditors inquired of the rationale or justification of how the expenditures were selected and allocated no justification could be provided.

Since amounts were based on an allocation of all payments and payroll amounts there were no specific invoices or employee payroll that were identified as qualifying under the grant. Due to this inability to define which expenditures were paid with grant funds, and an inability to separate allowable costs in the allocation from unallowable costs, auditors could not determine, with any reasonable accuracy, what the questioned costs are from the grant. Furthermore, due to the lack of methodology justification maintained by the agency, auditors were overall unable to audit the CRF funds.

**Cause** Management at MVA is relatively new and made adjustments to internal expenditures without communication to SFA and the need to adjust the SEFA.

**Effect** Failure to properly communicate the justification for expenditures to be included in the SEFA could result in some or all the costs to be questioned. With no identification of specific invoices or specific employee payroll that qualified for reimbursement all costs could be brought into question.

**Recommendation** We recommend Mississippi Veterans Affairs strengthen controls over the documentation maintained to justify amounts are properly charged to grants.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Repeat Finding** No.

**Statistically Valid** N/A

**View of Responsible Officials** Management at the Mississippi Veterans Affairs concurs with this finding. See additional comments in the Corrective Action Plan on page 342 of this audit report.

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**DEPARTMENT OF FINANCE AND ADMINISTRATION**

**REPORTING**

*Material Weakness*  
*Material Noncompliance*

**2021-030** Strengthen Controls to Ensure Proper Review over the Schedule of Expenditures of Federal Awards.

**ALN Number** 21.023 Emergency Rental Assistance

**Federal Award No.** N/A

**Pass-through Entity** N/A

**Questioned Costs** N/A

**Criteria** The *Code of Federal Regulations (2 cfr 200.302(b))* states in part that the financial management system of each non-Federal entity must provide for the “identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any....”

*The Code of Federal Regulations 2 CFR 200.508(b)* states, “Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.”

*The Code of Federal Regulations 2 CFR 200.510(b)* states, the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502”

Additionally, the *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Schedule of Expenditures of Federal Awards contains information such as Assistance Listing Numbers (ALN) and grant identification numbers that must be properly and accurately recorded.

<b>Condition</b>	During the review of the schedule of expenditure of federal awards (SEFA) as obtained from the Mississippi Department of Finance and Administration (DFA), auditor noted that DFA incorrectly reported Homeowners Assistance (ALN 21.026) to Rental Assistance (ALN 21.023).
<b>Cause</b>	The agency did not possess or enforce proper internal control structures. Additionally, the agency did not properly review and reconcile the schedule of expenditures of federal awards information and did not perform review over crucial aspects of financial reporting.
<b>Effect</b>	Failure to properly ensure federal grant activity, including revenue and expenditures, are properly recorded on the agencies Schedule of Expenditures of Federal Awards could result in reporting errors in the State’s Master Schedule of Expenditures of Federal Awards and/or exclusion of major programs to be audited on the State’s Single Audit Report.
<b>Recommendation</b>	We recommend the Department of Finance and Administration strengthen controls to ensure proper review over the schedule of expenditures of federal awards.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	N/A.
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 295 of this audit report.

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*Material Weakness  
 Material Noncompliance*

<b>2021-031</b>	<u>Strengthen Controls to Ensure Compliance with Reporting Requirements for Emergency Rental Assistance.</u>
<b>CFDA Number</b>	21.023 Emergency Rental Assistance
<b>Federal Award No.</b>	N/A

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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**Questioned Costs** N/A

**Criteria**

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

Additionally, the *Code of Federal Regulations (2 cfr 170.200)*, reporting requirements are “(a) federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, government wide website and follow OMB guidance to support Transparency Act implementation. (b) Federal awarding agencies that obtain post-award data on subaward obligations outside of this policy should take the necessary steps to ensure that their recipients are not required, due to the combination of agency-specific and Transparency Act reporting requirements, to submit the same or similar data multiple times during a given reporting period.”

Furthermore, the *Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book)* specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to, maintaining proper segregation of duties within the entity and determining which laws and regulations apply to the entity and setting objectives that incorporate these requirements.

**Condition**

Mississippi Home Corporation (MHC), a subrecipient of DFA, did not have controls in place for multi-level review and approval of federal reports to ensure the Emergency Rental Assistance program was reported correctly to the Department of the Treasury.

Additionally, auditors could not verify that Mississippi Home Corporation maintained segregation of duties in regards to the preparation, approval, and submission of federal reports.

Furthermore, DFA did not file a FFATA Subaward Report with the Federal Funding Accountability and Transparency Act Subaward Reporting System as required by the Federal Funding Accountability and Transparency Act.

**STATE OF MISSISSIPPI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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<b>Cause</b>	DFA relied on MHC to fulfill all the reporting requirements of the grant; therefore, MHC’s failure to appropriately segregate controls and to submit required reports results in DFA receiving the findings.
<b>Effect</b>	Lack of proper internal controls could result in erroneous reports being submitted to the federal cognizant agency
<b>Recommendation</b>	We recommend the Department of Finance and Administration strengthen controls in order to ensure adequate segregation of duties exist and reporting requirements are being met.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	N/A
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 296 of this audit report.

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**SUBRECIPIENT MONITORING**

*Material Weakness*

*Material Noncompliance*

<b>2021-032</b>	<u>Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.</u>
<b>CFDA Number</b>	21.023 Emergency Rental Assistance
<b>Federal Award No.</b>	N/A
<b>Questioned Costs</b>	N/A
<b>Criteria</b>	<p>The <i>Code of Federal Regulations (2 CFR 200.328)</i> states that:</p> <p>(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.</p> <p>(b)(2) The non-Federal entity must submit performance reports using OMB-approved government-wide standard information collections when providing performance information. As appropriate in accordance with above mentioned</p>

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Additionally, The *Code of Federal Regulations* (2 CFR 200.332 (d)) States that the pass-through entity “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved...”

Furthermore, the *Code of Federal Regulations* (45 cfr 200.62), states that “a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that; ...

(b) Transactions are executed in compliance with:

- (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
- (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement...”

*The Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when timely and appropriate monitoring is performed by management.

**Condition**

The Mississippi Department of Finance and Administration did not perform a pre-award risk assessment for the subrecipient of the Emergency Rental Payments (ERP). Additionally, no grant agreement exists between the subrecipient and DFA; therefore, none of the required grant elements were properly communicated to the subrecipient. Lastly, DFA did not perform any monitoring procedures of the ERP monies, at either the subrecipient level or the beneficiary level. Based on recommendations from those charged with governance, DFA elected to allow Mississippi Home Corporation (MHC) the authority to administer the program for the State of Mississippi. MHC is a quasi-governmental agency and is not part of the State’s financial reporting structure; therefore, DFA created a subrecipient relationship when the ERP monies were distributed to MHC for the administration of the Rental Assistance for Mississippians Program (RAMP).

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of Treasury (continued)**

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<b>Cause</b>	The Mississippi Department of Finance and Administration distributed the entirety of the ERP grant to a third party administrator, MHC, and did not consider this to be a subrecipient relationship.
<b>Effect</b>	Lack of proper controls and monitoring procedures could result in the misuse and/or improper spending of federal funds.
<b>Recommendation</b>	We recommend the Department of Finance and Administration implement monitoring procedures over subrecipients in order to ensure federal compliance requirements are being met. Additionally, we recommend that the agency follow all pre-award and post-award requirements of grant programs.
<b>Repeat Finding</b>	No.
<b>Statistically Valid</b>	N/A
<b>View of Responsible Officials</b>	Management at the Mississippi Department of Finance and Administration concurs with this finding. See additional comments in the Corrective Action Plan on page 296 of this audit report.

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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Education (MDE) Management**

**Department of Education – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-044      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).**

MDE states in their response to the finding that “the crux of this finding hinges on the erroneous assertion that only one vendor was allowed to offer input on the specifications.” The finding acknowledges that MDE provided evidence that three of the four vendors received the specifications in advance, but the winning bidder received them 20 days in advance, while the remaining two vendors received them 7-8 days in advance. Additionally, the specifications sent to the winning bidder were marked “draft” and redline comments were added to the specifications by the winning bidder when they were returned to MDE. While MDE did not adopt all of the winning bidder’s suggested modifications to the specifications, modifications like the size of the needed laptop screens were adopted by MDE. MDE could provide no support that the fourth bidder was given advance notice of the specifications.

Secondly, MDE asserts that the points assigned to the winning bidder for the “Devices” category hinged on the guarantee that the devices would be delivered by the November 20, 2022 delivery timeline; however, two other bidders with lower price points overall on devices also committed to having devices delivered no later than November 20, 2022. In fact, bidders were told that that delivery by November 20, 2022 was a requirement to bid on the RFQ. MDE did not describe why the bidders received the points that they did (as stated in the finding), and their statement that it depended on delivery dates is not supported by the RFQs. This type of discrepancy is the reason that the evaluations of RFQ’s should contain sufficient detailed justification of points awarded.

**Department of Education – Reporting – *Material Weakness - Material Noncompliance***

**2021-035      Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) Requirements.**

MDE states that they do not concur that FFATA information was entered timely or that no documentation was maintained that could verify the information was entered; however, their response verifies that “MDE is unable to demonstrate when the file was initially submitted...” Additionally, MDE has provided a

corrective action plan to address the elements of the finding. OSA will review this corrective action in later audits to determine if MDE has complied.”

**Department of Education – Special Tests and Provisions – *Significant Deficiency/Immaterial Noncompliance***

**2021-038      Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements.**

MDE states that they do not believe this is a systemic problem with the program, but states that they do not require supporting documentation in the application phase, and review those documents in the monitoring phase of the grant process. There is a significant lag time between the application phase on the grant cycle and MDE’s subrecipient monitoring. Due to this lag, errors in the Local Educational Agency (LEA’s) documentation would not be identified timely, resulting in improper Title-I allocation. In addition, every LEA is not selected for on-site monitoring each year. Not reviewing the LEA’s documentation prior to approval could result in errors in the Title-I allocation that may not be identified timely or at all. MDE should consider strengthening these controls to ensure the proper allocation of funds timely.



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

**Auditor's note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management**

**Department of Employment Security – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-043      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed for Coronavirus Relief Funds**

Much of MDES' argument that the questioned costs should be removed relies on Mississippi State Law and disregards the requirements of the **federal** CRF grant. MDES asserts in their response that, because the MS Legislature appropriated money to specific types of workforce development, that those expenditure automatically became eligible for CRF funding. While the MS Legislature has the authority to appropriate CRF money to certain types of workforce development, those items still must have met the three allowable cost requirements of the CRF funds. State law authorizing equipment purchases cannot overrule the federal program guidelines. MDES failed to document or perform adequate due diligence to ensure that the fixed asset purchases made by their subrecipients met the grant requirements. These expenditures were not properly justified with any cost comparison to ensure that the purchase was the most cost-effective solution. Additionally, MDES could not provide any compelling evidence that these expenditures were necessary due to the pandemic.

As stated in the finding, MDES could not provide documentation that the "student vouchers" paid for with CRF monies were necessary due to the pandemic. MDES could not provide compelling evidence that these students were new students, that they completed the courses, that the courses were able to benefit the students in the workforce, or that they were even necessary due to the pandemic.

MDES' assertion that extensive documentation has been provided to OSA to validate these purchases is erroneous. MDES provided documentation to OSA, but that documentation did not support that the charges were necessary or justified. The justifications for necessity in some instances was nonsensical, and did not support that the purchases were necessary due to the pandemic. In the example noted by MDES in their response, two lathes costing a total of \$313,800 were purchased to assist with displaced internships. Those two lathes served 22 students, for a per student price of \$14,263. By fall of 2021, the internships had resumed – meaning that the lathes were used for one semester. The college in question provided no evidence that any other method of fulfilling the internships was considered, and no other options for a more cost-effective solution rather than buying over \$300,000 in fixed assets was contemplated. In a second example given by MDES, the college purchased drones to assist in training drone pilots. MDES response notes that drones are an emerging technology and that additional drone pilots will be needed by 2025;

however, MDES does not provide any compelling justification as to why these drones and trained drone pilots were necessary due to the pandemic.

## **Department of Employment Security – Eligibility - *Material Weakness/Material Noncompliance***

### **2021-015      Strengthen Controls to Ensure Compliance with Eligibility Requirements for Unemployment Insurance**

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration cross matches
- 4) Internet Protocol Address checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

- 1) Interstate Suspicious Actor Repository to match claims across states
- 2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
- 3) Data Analytic tools
- 4) Fraud Alert Systems
- 5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

## **Department of Employment Security – Subrecipient Monitoring - *Material Weakness/Material Noncompliance***

### **2021-045      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements**

When documentation of pre-award risk assessments was requested during the audit process, MDES did not provide any auditable documentation to the auditors. While MDES stated that they relied upon the same pre-award risk assessment for the CRF grants as the Workforce Innovation and Opportunity Act (WIOA) grants, none of the WIOA pre-award risk assessments were provided. Personnel at MDES stated, when this documentation was requested, that “there was no risk assessment of the four local areas performed prior to the awarding of the CRF funds... We work closely with the local areas on a daily basis, perform yearly subrecipient monitoring, and regularly conduct technical assistance all of which are closely monitored by MDES management for any indication that we should reassess the locals as anything but low risk. We understand that this is not documented and therefore does not meet the risk assessment requirement but wanted to give the context of our actions.”

MDES appears to concur that they did not provide documented evidence to auditors that all required grant elements were presented to grantees. It should be noted that this evidence has still not been provided to auditors as of the date of this report.

Lastly, the questioned costs as outlined in finding 2021-043 verify that MDES did not have proper monitoring procedures in place to monitor subrecipients of the CRF grant program. MDES disagrees that these costs should be questioned (as noted in their response to finding 2021-043); therefore, they do not concur that their monitoring procedures and controls failed. OSA has explained, in detail, both in finding 2021-043 and in the rebuttal to MDES’ response above why the auditor questioned these expenses. Please refer to finding 2021-043 for further information.

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

**Auditor's note to the Corrective Action Plan from Mississippi Emergency Management Agency (MEMA)**

**MEMA – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-046      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.**

MEMA's provided analysis of the rent vs. purchase option was only provided after the initial finding was presented to Management. When the analysis was examined, auditors determined that it relied on inaccurate underlying data. The analysis provided that it would cost \$2,059,200 to lease storage facilities in one year. However, this number was calculated by taking the current price of one warehouse that housed 25% of the materials and extrapolating it to encompass a price for 100% of the materials. The storage cost of this facility was \$42,900. MEMA also presented emails illustrating that there was a warehouse available to rent that supplied half of the needed space for \$30,000 a month for rent, and another facility for a fourth of the needed space for \$5,000 a month. If extrapolations were made with this data, even if using the more expensive building as the base data, the cost of leasing the building for two years would come to \$1,440,000, which is almost a million less than the initial cost of the building.

Moreover, the analysis provided by MEMA does not consider the additional costs that were associated with the State Emergency Logistical Operations Center (SELOC) building to prepare the building for initial use. These costs amounted to at least \$518,042 in additional costs. Lastly, the analysis does not factor in that the building MEMA used for extrapolation is not a storage facility, but a nationwide distribution center that also charged for pallet rental, the cost of moving pallets in and out, etc. Additionally, the rental cost of the Gulf Relay facility varied from month to month based on these expenditures and the amount of storage utilized. The prices varied from approximately \$27,000 monthly to \$50,000 monthly.

It appears to the auditor that MEMA used data in their analysis that would lead to the conclusion to purchase the building, rather than to let the analysis dictate the most cost effective option. While MEMA may argue that the building purchase was a better long term business decision for the agency, the purpose of the Coronavirus Relief Funds (CRF) was to provide immediate relief for the pandemic and not provide long term business solutions.

MEMA's supporting documentation mainly relied on Mississippi State Law to validate the purchase of the building, stating that the Legislature allowed them to purchase the building via legislation that was passed during the fiscal year 2020 legislative session; however, state law cannot supplant federal law in regards to a **federal** grant.

It should be reiterated that MEMA publicly stated that this facility was for future pandemics, and a permanent office space for the procurement staff of MEMA, thereby verifying its intended use and purpose extended past the period of performance.

**MEMA – Subrecipient Monitoring - *Material Weakness/Material Noncompliance***

**2021-047**      Strengthen Controls to Ensure Terms and Conditions are stated in Subrecipient Subaward Documents.

MEMA’s argument in their response relies on the fact that the MS Legislature appropriated CRF funds for state program called “MERP”. The program was designed to provide CRF monies to the counties and municipalities in Mississippi. Regardless of the appropriation of the Legislature, MEMA is still required to follow subrecipient monitoring regulations as outlined in Uniform Grant Guidance, as required by the Department of the Treasury.

STATE OF MISSISSIPPI

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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PART 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF VETERAN AFFAIRS

Finding Number      Finding and Recommendation

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MISSISSIPPI VETERANS AFFAIRS

Reporting

*Material Weakness*

*Material Noncompliance*

**2021-051**                      Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**ALN Number**                64.015 Veterans State Nursing Home Care

**Federal Award No.**        N/A

**Pass-through Entity**        N/A

**Questioned Costs**            Unable to determine due to disclaimer audit opinion.

**Criteria**                      *The Code of Federal Regulations (2 cfr §200.510(b))* states, in part “the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502.”

*Code of Federal Regulations (2 cfr §200.502(a))* states, in part, “the determination of when a federal award is expended must be based on when the activity related to the Federal award occurs.”

*The Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that a review is performed to verify the accuracy and completeness of financial information reported. The Federal Grant Activity Schedule captures amounts that must be accurate and complete in order to ensure the accuracy of financial and federal information reported on such schedule to verify the accuracy and completeness of financial information reported.

*The Mississippi Agency Accounting Policies and Procedures (MAAPP)* manual *Section 27.30.60* states, “The Federal Grant Activity schedule supports amounts

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of VA (continued)**

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reported on the GAAP packet for federal grant revenues, receivables, deferred revenues and expenditures. The schedule is also used for preparing the Single Audit Report required by the Single Audit Act, Office of Management and Budget Uniform Grant Guidance and the State’s audit requirements. The amounts on this schedule should be reconciled by the agency with amounts reported on federal financial reports.”

**Condition** During the audit of Mississippi Veterans Affairs (MVA) for fiscal year ended June 30, 2021, auditors noted that MVA recorded expenditures provided did not agree to the amounts in the statewide accounting system, the Mississippi Accountability System for Government Information and Collaboration (MAGIC).

The statewide SEFA is prepared using agency prepared grant schedule activity reports, and a system of internal controls exists to ensure all federal monies are included in the SEFA and that all agencies that have federal monies prepare grant schedules. By making adjustments to the MVA accounting records without making adjustments to MAGIC or notifying the DFA, MVA inadvertently circumvented the control system and DFA was not alerted to the need for adjustment to the amount of the funds in the SEFA.

Due to the designation as a Major Program under Uniform Grant Guidance Subpart F, MVA required an audit for fiscal year 2021. MVA prepared and submitted grant information to the auditors that did not agree to the DFA SEFA.

MVA could not reasonably justify the expenditures reported on the grant schedule, nor could they produce supporting documentation of such expenditures. Due to this inability to support which expenditures were paid with grant funds, and an inability to separate allowable costs in the from unallowable costs, auditors could not determine, with any reasonable accuracy, what the questioned costs are from the grant; therefore, auditors were overall unable to audit the 64.015 grant funds.

**Cause** Management at MVA is relatively new and made adjustments to internal expenditures without communication to SFA and the need to adjust the SEFA.

**Effect** Failure to properly communicate corrections to expenditures be included correctly in MAGIC and that the SEFA so that it with the underlying financial records could result inaccurate reporting to both the state and federal oversight organizations.

**Recommendation** We recommend Mississippi Veterans Affairs strengthen controls over the preparation and review of the Schedule of Expenditures of Federal Awards to ensure all grant award information and amounts reported are accurate and correct, and that the information agrees with the underlying financial records.

**Repeat Finding** Yes.

**Statistically Valid** N/A

**STATE OF MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PART 3 – Federal Award Findings and Questioned Costs – US Dept of VA (continued)**

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**View of Responsible  
Officials**

Management at the Mississippi Veterans Affairs concurs with this finding. See additional comments in the Corrective Action Plan on page 341 of this audit report.

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



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**STATE OF MISSISSIPPI**

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**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200, Section 5.11*. 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, *Assistance Listing Number (ALN)* and program name, (2) current status, and (3) planned corrective action, if required. These items are discussed below:

- (1) Each finding number, finding heading, ALN 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

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SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

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\*a The agency indicates the finding is partially corrected; finding 2021-036 was written to report current year problems noted.

\*b The agency indicates the finding is partially corrected; finding 2021-037 was written to report current year problems noted.

\*c The agency indicates the finding is fully corrected; finding 2021-015 was written to report current year problems noted.

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\*d The agency indicates the finding is fully corrected; finding 2021-013 was written to report current year problems noted.

\*e The agency indicates the finding is fully corrected; finding 2021-014 was written to report current year problems noted.

\*f The agency indicates the finding is fully corrected; finding 2021-020 was written to report current year problems noted.

\*g The agency indicates the finding is partially corrected; finding 2021-039 was written to report current year problems noted.

\*h The agency indicates the finding is partially corrected; finding 2021-041 was written to report current year problems noted.

\*i The agency indicates the finding is partially corrected; finding 2021-042 was written to report current year - problems noted.

\*j The agency indicates the finding is fully corrected; finding 2021-051 was written to report current year problems noted.



## MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.  
State Superintendent of Education

### SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2020

2020-012 Strengthen Controls Over the Preparation of the Federal Grant Activity Schedule

PARTIALLY CORRECTED

Processes have been put in place to strengthen the controls over the preparation and review of the Schedule of Federal Awards and Subgrant Schedule.

2020-032 Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements.

CFDA #84.010 Title I-Grants to Local Education Agencies

CFDA #84.367 Title II-Supporting Effective Instruction State Grants

PARTIALLY CORRECTED

The MDE has revised its Consolidated Federal Programs Monitoring Process and Protocol that will be implemented for FY2022 Monitoring (SY2020-2021). As noted in the Corrective Action Plan, the full corrective action will be completed by June 30, 2022. Because the FY20 Single Audit finding is related to the FY2019 Monitoring (SY2017-2018), evidence of implementation of the corrective action will be a part of the FY23 Single Audit.

2020-033 Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs

CFDA #84.027 Special Education-Grants to States (IDEA, Part B)

CFDA #84.173 Special Education-Preschool Grants (IDEA, Preschool)

PARTIALLY CORRECTED

The MDE has strengthened and revised the IDEA Monitoring Process and Protocol that will be piloted for FY2022 Monitoring (SY2020-2021). As noted in the Corrective Action Plan, the full corrective action will be completed by June 30, 2022. Because the FY20 Single Audit finding is related to the FY2019 Monitoring (SY2017-2018), evidence of implementation of the corrective action will be a part of the FY23 Single Audit.



Signed: \_\_\_\_\_

Carey M. Wright, Ed.D.  
State Superintendent of Education

Date: 12/21/2021



# Mississippi Department of Employment Security

**Tate Reeves**  
*Governor*

Robin Stewart  
Interim Executive Director

## SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2021

2020-005 Controls Should Be Strengthened over MAGIC segregation of Duties and Quarterly Access Review

CFDA # 17.225 Unemployment Insurance

Fully Corrected

2020-006 Controls Should Be Strengthened over the Reconciliation of MAGIC to ReEmployMS

CFDA # 17.225 Unemployment Insurance

Fully Corrected

2020-007 Controls Should Be Strengthened over Unemployment Insurance Benefits Paid

CFDA # 17.225 Unemployment Insurance

Fully Corrected

2020-036 Controls to Ensure Compliance with Eligibility Requirements

CFDA # 17.225 Unemployment Insurance

Fully Corrected

DocuSigned by:  
Signature: Robin Stewart, Deputy Executive Director (Agency Head)

Title: Interim Executive Director

Date: 10/16/2022

*Helping Mississippians Get Jobs*

Henry J. Kirksey Building • 1235 Echelon Parkway • Jackson, Mississippi 39213  
Post Office Box 1699 • Jackson, Mississippi 39215-1699 • (601) 321-6000

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2021

2020-037 Strengthen Controls to Ensure Compliance with Procurement, Suspension, and Debarment Requirements.

10.557 Special Nutritional Assistance program for Women, Infants, and Children (WIC)

FULLY CORRECTED

2020-038 Strengthen Controls to Ensure the Schedule of Federal Expenditures is Prepared with Proper and Accurate Information and that Federal Reporting Agrees with the Underlying Financial Records of the Agency.

10.557 Special Nutritional Assistance program for Women, Infants, and Children (WIC)
93.268 Immunization Cooperative Agreements

FULLY CORRECTED

2020-039 Strengthen Controls Over Documentation to Ensure Compliance with Eligibility Requirements.

10.557 Special Nutritional Assistance program for Women, Infants, and Children (WIC)

FULLY CORRECTED

Signed Sharon Dowdy, CPA, CFE, CPM
Chief Administrative Officer / Chief Financial Officer

Date: 11/9/2022 | 7:11 AM CST

Signed Daniel Edney, MD
State Health Officer

Date: 11/9/2022 | 9:07 AM CST

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Robert G. Anderson  
Executive Director

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

October 4, 2021

Dear Auditor White:

Enclosed for your review is the agency's Summary Schedule of Prior Federal Audit Findings for State Fiscal Year ending on June 30, 2020.

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
For the Year Ended on June 30, 2020**

**2020-024**

**Strengthen Controls to Ensure Compliance with Subrecipient Allowable Cost Activities of the Supplemental Nutrition Assistance Program (SNAP), Child Care and Development Block Grant (CCDF), and Temporary Assistance for Needy Families (TANF) Programs.**

CFDA Number: 10.551 Supplemental Nutrition Assistance Program (SNAP)  
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)  
93.558 Temporary Assistance for Needy Families (TANF)  
93.575 Child Care and Development Block Grant (CCDF)  
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)  
93.667 Social Services Block Grant (SSBG)

MDHS Response: FULLY CORRECTED.

- 1) Strengthen existing controls to ensure non-compliance with federal regulations does not continue.
  - a. MDHS provided the following trainings to MDHS employees with most occurring after former Executive Director JD was no longer associated with MDHS: initial purchasing process training, follow-up purchasing process training, subgrantee training for TANF subgrantees, procurement training for division directors, budgets training, fact sheet training, internal Budgets and Accounting training that included DFA training with contract, payroll, accounts payable and account receivable units, internal audit training on identifying and conducting risk assessments for the division directors and other trainings. Additionally, MDHS has strengthen procedures concerning tracking procurement requests, invoices, travel costs, and bank



**Robert G. Anderson**  
Executive Director

- reconciliations. MDHS also published an Internal Audit Plan for 2021 to regularly audit higher risks in the agency. An audit plan will be conducted on annual basis.
- 2) Procure adequate and appropriate training for all staff who are involved in any federal allowable costs and activities allowed monitoring:
    - a. Effective May 1, 2020, MDHS established an Office of Compliance, which have both an internal compliance function and an external compliance function. Part of the role of the new Office of Compliance is to educate subrecipients regarding the monitoring review process including allowable cost and activities allowed by them under their subgrant agreement and existing state and federal regulations. The Office of Compliance has updated standard operating procedures and implemented a team approach to the review of subgrantee findings. The Office of Compliance has also assumed responsibility for the quality control functions involving subrecipients in those programs while OIG focuses on internal audits, investigations, benefit recovery and administrative hearings.
  - 3) Increase awareness and training to subrecipients of allowable costs and activities.
    - a. Complete revision of the Subgrant Manual that includes MDHS approval of lower-tiered subrecipients, allow sixty-day cash advance with cost reimbursement thereafter only after submission of monthly general ledgers and supporting documentation. Internal risk assessment will be performed on all subgrantees to identify high, medium, or low risk. If a subgrantee is considered a high risk, then Monitoring performs a technical assistant visit. Furthermore, competitive procurement procedures will be used for TANF subgrants. Lastly, an MDHS subgrantee is required to attend an annual training performed by MDHS or partners.

**2020-025**

**Strengthen Controls to Ensure Compliance with Allowable Cost Requirement of the TANF Program.**

CFDA Number: 93.558 Temporary Assistance for Needy Families (TANF)

MDHS Response: FULLY CORRECTED.

- 1) Corrective Action Plan: Subrecipient 1, Subrecipient 2, and Subrecipient 3.
  - a. MDHS provided the following trainings to MDHS employees with most occurring after former Executive Director JD was no longer associated with MDHS: initial purchasing process training, follow-up purchasing process training, subgrantee training for TANF subgrantees, procurement training for division directors, budgets training, fact sheet training, internal Budgets and Accounting training that included DFA training with contract, payroll, accounts payable and account receivable units, internal audit training on identifying and conducting risk assessments for the division directors and other trainings. Additionally, MDHS has strengthen procedures concerning



**Robert G. Anderson**  
Executive Director

tracking procurement requests, invoices, travel costs, and bank reconciliations. MDHS also published an Internal Audit Plan for 2021 to regularly audit higher risks in the agency. An audit plan will be conducted on annual basis.

**2020-026**                      **Strengthen Controls to Ensure Compliance with Cash Management Requirements of the TANF program.**

CFDA Number:                      93.558 Temporary Assistance for Needy Families (TANF)

MDHS Response:                      FULLY CORRECTED.

MDHS is not currently paying any subgrantees using Matching Funds, and all subgrantees are paid using a cost reimbursement model, not cash advance. Furthermore, all subgrantees are also required to complete a program report and submit with each claim reimbursement.

**2020-027**                      **Strengthen Controls to Ensure Compliance with Matching Requirements of the CCDF Cluster.**

CFDA Number:                      93.575 Child Care and Development Block Grant (CCDF)  
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)

MDHS Response:                      FULLY CORRECTED.

The CCDF Cluster enters into subgrant agreements, also called slot agreements under an RFP issued in 2015. The agreements require a 25% match, which may be met by an in-kind match. DECCD will request supporting documentation from the current slot providers. The slot agreements expired on August 31, 2020, and the program did not issue new slot programs. All subgrantees are paid using a cost reimbursement model, not cash advance. Furthermore, all subgrantees are also required to complete a program report and submit with each claim reimbursement.

**2020-028**                      **Strengthen Controls to Ensure Compliance with the Period of Performance for the CCDF Program.**

CFDA Number:                      93.575 Child Care and Development Block Grant (CCDF)  
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)

MDHS Response:                      FULLY CORRECTED.

Correspondence is sent to all subgrants that fit this category that new procedures will be implemented concerning subgrantee closeouts to be submitted in a shorter timeframe for the agency to adequately meet liquidation period. Also, please also refer to MDHS response in 2020-024 on all measures already taken by MDHS and



Robert G. Anderson  
Executive Director

all future corrective actions.

**2020-029**

**Controls Should Be Strengthened Over Procurement Policies for the Awarding of Subgrants and Contracts for the TANF Program.**

CFDA Number: 93.558 Temporary Assistance for Needy Families (TANF)

MDHS Response: FULLY CORRECTED.

MDHS provides individual scoresheets for each subrecipient that submitted a proposal in response to the TANF. Each subrecipient scoresheet reflects consensus scoring and comments by the committee members. Consensus scoring operated within the committee meeting whereby each committee member offered their proposed response to each requirement to collectively arrive at a consensus score for that requirement which also included the committee's comment for that requirement.

Since the 2019 TANF RFP, MDHS refined the TANF RFP process to reflect individual evaluator scores that factor into the consensus scoring for the TANF RFP specifications and requirements therein. The evaluation committee completes scoring and provides a recommendation for award to MDHS Executive Director. Further, since the 2019 TANF RFP, the MDHS Executive Director is not involved in the evaluation, scoring, or award recommendation process for potential TANF subgrant agreements.

MDHS implemented and reinforced use of the Administrative Review Memorandum (ARM) process for appropriate reviews of MDHS agreements before executing and entering into agreements or modifications/amendments. Prior to processing an agreement through the ARM process, MDHS requires and utilizes an Initiation Process (IP) for review and approval of a proposed/anticipated agreement. The Initiation Process requires internal review of the project (proposed/anticipated agreement) from a procurement, finance, and executive level perspective. Through the ARM process, an agreement is reviewed at the MDHS Division level, Procurement level, Finance level, Compliance level, Legal (Attorney General), and Executive Level. Signature approval at each level is required for MDHS to enter into an agreement. This multiple level review is designed to allow respective Agency stakeholders to assess a proposed agreement as a system of checks and balances to ensure the agreement aligns with Agency policy as well as governing laws, rules, and regulations.

**2020-030**

**Strengthen Controls over On-Site Monitoring for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.**

CFDA Number: 10.551 Supplemental Nutrition Assistance Program (SNAP)  
93.558 Temporary Assistance for Needy Families (TANF)



**Robert G. Anderson**  
Executive Director

93.667 Social Services Block Grant (SSBG)  
 93.575 Child Care and Development Block Grant (CCDF)  
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)  
 93.568 Low Income Home Energy Assistance Program (LIHEAP)

MDHS Response: FULLY CORRECTED.

Effective May 1, 2020, MDHS established an Office of Compliance, which have both an internal compliance function and an external compliance function. Part of the role of the new Office of Compliance is to educate subrecipients regarding the monitoring review process including allowable cost and activities allowed by them under their subgrant agreement and existing state and federal regulations. The Office of Compliance has updated standard operating procedures and implemented a team approach to the review of subgrantee findings. The Office of Compliance has also assumed responsibility for the quality control functions involving subrecipients in those programs while OIG focuses on internal audits, investigations, benefit recovery and administrative hearings.

**2020-031**

**Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with OMB Uniform Guidance Auditing Requirements.**

CFDA Number: 10.551 Supplemental Nutrition Assistance Program (SNAP)  
 93.558 Temporary Assistance for Needy Families (TANF)  
 93.667 Social Services Block Grant (SSBG)  
 93.575 Child Care and Development Block Grant (CCDF)  
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)  
 93.568 Low Income Home Energy Assistance Program (LIHEAP)

MDHS Response: FULLY CORRECTED.

Effective May 1, 2020, MDHS established an Office of Compliance, which have both an internal compliance function and an external compliance function. Part of the role of the new Office of Compliance is to educate subrecipients regarding the monitoring review process including allowable cost and activities allowed by them under their subgrant agreement and existing state and federal regulations. The Office of Compliance has updated standard operating procedures and implemented a team approach to the review of subgrantee findings. The Office of Compliance has also assumed responsibility for the quality control functions involving subrecipients in those programs while OIG focuses on internal audits, investigations, benefit recovery and administrative hearings.



**Robert G. Anderson**  
*Executive Director*

We appreciate the courtesy and professionalism demonstrated by Emily Mathis and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Hadley Eisenberger, Inspector General, at 601-359-4939.

Respectfully,

DocuSigned by:

*Robert G. Anderson*

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Robert G. Anderson  
Executive Director

**Brad White**  
Executive Director

P. O. Box 1850  
Jackson, MS 39215-1850  
Telephone (601) 359-7249  
FAX (601) 359-7050  
GoMDOT.com



**Brian D. Ratliff**  
Deputy Executive Director/Chief Engineer  
**Lisa M. Hancock**  
Deputy Executive Director/Administration  
**Charles R. Carr**  
Director, Office of Intermodal Planning

## SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the year ended June 30, 2021

2020-034      Strengthen Controls to Ensure Compliance with Wage Rate Requirements

CFDA # 20.205 Highway Planning and Construction

FULLY CORRECTED

2020-035      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements

CFDA # 20.205 Highway Planning and Construction

FULLY CORRECTED

Signed: \_\_\_\_\_

  
Brad White  
Executive Director

Date: \_\_\_\_\_



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**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

For the Year Ended June 30, 2021

2020-011 Strengthen Controls Over the Preparation and Review of the Schedule of Expenditures of Federal Awards and Estimated Claims Payable

FULLY CORRECTED

2020-041 Strengthen Controls to Ensure Compliance with the Allowable Cost Requirements of the Children’s Health Insurance Program (CHIP)

93.767 Children’s Health Insurance Program (CHIP)

PARTIALLY CORRECTED

DOM provided its fiscal agent with the updated household size and FPL limits used for the CHIP co-payment determinations in July 2021. The fiscal agent completed the required updates and notified DOM that the updates were completed. DOM Information Technology (iTech) staff assigned to the Eligibility Program Area verified the update for completeness and accuracy. DOM has opened a change of service request (CSR) to ensure the wholesale change process (WCP) contains all the required updates, including automation of the calculation of the table/values needed for CHIP co-payment determinations. CHIP co-pay testing will be part of the annual testing done by the iTech Program Area each March prior to the production run sent to the fiscal agent.

The next Wholesale Change involving the CHIP co-pay tables will be March 2022. The CHIP FPL information was emailed to the vendor on January 28, 2022.

2020-042 Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children’s Health Insurance Program (CHIP)

93.767 Children’s Health Insurance Program (CHIP)  
93.778 Medical Assistance Program (Medicaid, Title XIX)

PARTIALLY CORRECTED

Currently, DOM is following approved guidelines and has sufficient controls in place, which include ongoing and periodic training, as necessary. However, DOM continues to pursue statutory authority to access Mississippi Department of Revenue tax information and is still awaiting IRS approval for access to federal tax data.

Beginning in July 2021, DOM's third-party vendor changed the criteria used to pull individuals into the outgoing request file sent to MDES for income verification and began working on an automated verification to DOM when the outgoing request file was sent to MDES and another when the MDES response file was received by the vendor. Currently, DOM's vendor and MDES are using Move It to send these notifications to DOM.

In July 2021, Eligibility staff received additional training regarding eligibility requirements and the proper handling of wages and family additions. Further, the third-party vendor began working on a system change to alert the case worker of certain client file changes and to include asset checks within the system processing workflow to eliminate the manual request process and facilitate asset verification through AVS. These system changes are in process.

DOM's vendor removed all parameters from the outgoing PARIS file beginning with the quarterly August 2021 file. Currently, MDHS sends email verification related to file submission to the vendor and specific DOM staff.

2020-043

Strengthen Controls to Ensure Compliance with the Provider Eligibility Requirements of the Children's Health Insurance Program CHIP

93.767 Children's Health Insurance Program (CHIP)

PARTIALLY CORRECTED

DOM continues to work with the vendor to design, develop, and implement the new integrated credentialing system and plans to begin the new process prior to the end of State Fiscal Year 2022. Prior to the implementation of the centralized credentialing program, DOM has created a process to verify providers who are enrolled in both the Medicaid and CHIP programs to ensure that the disclosure forms and screenings are limited to DOM capturing this information.

Prior to the 2021 EQRO reviews, DOM requested that the review schedule be adjusted to ensure that the comprehensive report is finalized by April 30th annually to comply with federal regulations.

2020-044 Strengthen Controls to Ensure Compliance with Utilization Control and Program Integrity Requirements

93.778 Medical Assistance Program (Medicaid, Title XIX)

FULLY CORRECTED

2020-045 Strengthen Controls to Ensure Compliance with Automatic Data Processing (ADP) Risk Analysis and Security Review Requirements

93.778 Medical Assistance Program (Medicaid, Title XIX)

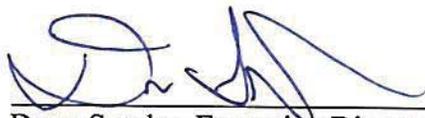
FULLY CORRECTED

2020-046 Ensure Compliance with Medicaid National Correct Coding Initiative (NCCI) Confidentially Agreement Requirements

93.778 Medical Assistance Program (Medicaid, Title XIX)

FULLY CORRECTED

Signed:

  
\_\_\_\_\_  
Drew Snyder, Executive Director

Date: 2/23/22

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# State of Mississippi

TATE REEVES  
Governor

## MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

STEPHEN C. McCRANEY  
EXECUTIVE DIRECTOR

### SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

For the Year Ended June 30, 2021

2020-023      Strengthened Controls to Ensure Compliance over Subrecipient Monitoring Requirements.

CFDA # 97.036 – Disaster Grants – Public Assistance Program

FULLY CORRECTED – See attached documentation from FEMA.

Signed:

A handwritten signature in blue ink that reads "Stephen C. McCraney".

Stephen C. McCraney, Executive Director

Date:

10/31/2022



FEMA

January 31, 2022

Ms. Shondra Barker  
Director of Financial Reporting  
State of Mississippi  
PO Box 1060  
Jackson, MS 39215

Subject: Management Decision Letter – Single Audit Report for the year ending June 30, 2020

EIN: 64-6000749  
FEMA CFDA No.: 97.039  
Number of Audit Findings: 1 (2020-023)  
Number of Recurring Findings: 1 (2019-025)  
Amount of Questioned and/or Disallowed Costs: None  
Status of Audit Record: Closed

Dear Ms. Barker,

The FEMA Grant Programs Directorate reviewed the subject report that includes Finding 2020-023 and determined that the State of Mississippi Emergency Management Agency has successfully implemented the corrective actions outlined in the above referenced Management Decision Letter. The finding for deficiency 2020-023 is now closed.

If you have any questions, please contact Kertz Hare, Acting Grants Business Branch Chief at (404) 909-1600 or via email at [Kertz.Hare@fema.dhs.gov](mailto:Kertz.Hare@fema.dhs.gov) and [FEMA-R4-Singleaudit@fema.dhs.gov](mailto:FEMA-R4-Singleaudit@fema.dhs.gov).

Sincerely,

Elton A. Newton  
Division Director  
Grant Management Division  
DHS/FEMA

Attachment: Discussion of Findings and Recommendations

Mississippi Emergency Management Agency	2020 Single Audit
---	-------------------

Audit Finding:	2020-023
CFDA Number:	97.039
Sustained:	Yes
Amount of Questioned Costs:	N/A
Amount Disallowed:	None
Status of Audit Finding:	Closed
Recommendation:	We recommend the Mississippi Emergency Management Agency strengthen controls over subrecipient monitoring to ensure recipients expending \$750,000 or more in Federal funds their fiscal year are appropriately monitored and an audit is obtained. In addition, we recommend internal policies and procedures be implemented over the audit tool used to monitor subrecipients to ensure completeness of subrecipients requiring an audit.
Management Action:	<p>Management at the Mississippi Emergency Management Agency concurs with this finding. MEMA is currently in the process of implementing new procedures and process for compliance with the Code of Federal Regulations 2 CFR 200 Subpart F, audit requirements. The Agency is dedicated to building a stronger reporting and monitoring system for Single Audits. The Accounting and Finance Office will monitor and review all Single Audits.</p> <p>Support Services will work with all offices within the Agency to ensure the correct data is captured and will review all documents that are sent out addressing Single Audit requirements.</p>
FEMA Management Decision:	<p><b>This audit deficiency is closed.</b></p> <p>We reviewed the agency’s process for monitoring subrecipients and Single Audit reports. MEMA has provided evidence of updated policies and procedures for Subrecipient Monitoring with an authorized date signed by the GAR as of 4/2021. MEMA has implemented a process to send notifications of audit requirement to subrecipients for Single Audits at the beginning of the fiscal year. They have established a tracking tool to monitor receipt of Single Audit reports and communication from</p>

	<p>subrecipients. The tracking log list the outstanding audits with follow ups, actions taken, dates and deadlines. Evidence has been provided of supervisory oversight and review. These changes complete their corrective action plan for this audit finding. FEMA will follow up through Site visit/Desk review to ensure compliance is maintained. This deficiency is closed, no further action necessary.</p> <p>Contact: Shakima Hinnant <a href="mailto:Shakima.Hinnant@fema.dhs.gov">Shakima.Hinnant@fema.dhs.gov</a> <b>This was a Repeat Finding from prior year 2018-025.</b></p>
Appeal Information:	<p>The decision or parts therein may be appealed. A written appeal will be accepted at <a href="mailto:EltonAndrew.Newton@fema.dhs.gov">EltonAndrew.Newton@fema.dhs.gov</a> and <a href="mailto:fema-r4-singleaudit@fema.dhs.gov">fema-r4-singleaudit@fema.dhs.gov</a> within 10 business days from the date of this letter. The appeal must include a description of the disputed part(s), an alternative course of action(s) along with an anticipated completion date, the name of the managing official responsible for implementing the alternative action(s), and any relevant supportive documentation.</p>



# Mississippi VA

Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

October 28, 2022

Dear Mr. White,

The State Veterans Affairs Board appreciates and thanks your staff for the courtesy and professionalism shown during the transitional process of me becoming the new Executive Director. The staff are working hard to include all recommendations that is be incorporated to enhance our internal controls and operations.

## AUDIT FINDINGS

CFDA Numbers and Program Name

64.015 Veterans State Nursing Home Care

Type of Compliance Requirement

Material Weakness and Material Noncompliance

Audit Findings Heading

Strengthen Controls over The Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

---

660 NORTH STREET, SUITE 200 • JACKSON, MS 39202 • PHONE: 601-576-4850 • FAX: 601-576-4870

STACEY E. PICKERING  
Executive Director

JAMES H. GARNER  
Chairman  
Biloxi,  
Fifth Congressional District

MENDAL G. KEMP  
Vice-Chairman  
Madison,  
At Large

DEBORAH WALLEY COLEMAN  
Madison,  
At Large

MICHAEL J. McGREVEY  
Decatur,  
Third Congressional District

DAVID H. McELREATH  
Oxford,  
First Congressional District

JAMES (MAX) FENN, JR  
Summit,  
Fourth Congressional District

GEORGE E. IRVIN, SR.  
Jackson,  
Second Congressional District

Current Status:

Response: Fully Corrected

MSVA completed the requirements of the previous corrective action plan response submitted by hiring Edward Williams as the Internal Auditor on 8/1/2022.

Signed:

A handwritten signature in black ink, appearing to read "Mark Smith", is written over a horizontal line.

Mark Smith, Executive Director  
Mississippi Veterans Affairs

### **III. MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS**



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**STATE OF MISSISSIPPI**

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**MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS  
FOR THE YEAR ENDED JUNE 30, 2021  
Instructions to Management**

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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) *Assistance Listing Number* (ALN) 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 ALN 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 Uniform Guidance, Section 200.521 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 AGRICULTURE AND COMMERCE**

ANDY GIPSON  
COMMISSIONER

November 14, 2022

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

RE: Single Audit Management Report – November 3, 2022

Dear Mr. White:

I hope this message finds you well. I write this letter in response to your Single Audit Management Report dated November 3, 2022. The Single Audit Management Report pertains to the Mississippi Agriculture Stabilization Act (MASA), which was a program administered by our agency with the purpose of assisting farmers in Mississippi that had been adversely affected by the COVID-19 Pandemic. The program was created in the last portion of the extended legislative session in 2020. MDAC was tasked with designing and launching a program, reviewing applications, substantiating documentation and providing grant funding to all eligible farmers over the course of roughly two months.

As you are aware, the program was designed to reimburse farmers for losses based on the type of farming operation (Poultry, Sweet Potatoes and/or CFAP Eligible). An informative website and application portal was created to accept applications of eligible farmers. The application process itself was designed to minimize the number of applications from farmers that would be ineligible. Applicants were required to self-certify to the claimed losses, similar to the federal CFAP program. Unlike the federal program, in order to receive funding, the farmers had to present evidence of loss in the form of receipts, checks or other forms of documentation and attest to the fact that the losses claimed were due to Covid-19.

The COVID-19 pandemic undoubtedly negatively affected farmers in Mississippi. With restaurants and eating establishments shut down across the country, the demand for food items decreased. To that end, farmers had to hold on to their products for extended periods of time, had difficulty finding the materials necessary to maintain their operations, incurred increased costs associated with materials, fertilizer, and other necessities of farmers. Even then, at the height of the pandemic in the Fall of 2020, the ability to show the full effect on farmers was not an easy task.

In attempting to assist the farmers and follow the requirements associated with both the CARES Act and the state law, we took our jobs very seriously. We required that farmers show us their losses and to substantiate with the evidence they had at their disposal. Farmers that did not maintain evidence of costs incurred either did not apply for funds or were denied funding. Of course, most farmers had no idea that this program would exist in the fall of 2020, so it is quite possible that many otherwise eligible expenses were never reimbursed as farmers did not hold on to evidence necessary to support claims.

MDAC, with the assistance of its contractor, attempted to create a program with multiple layers of review to vet applications and only issue grant awards to those farmers that could substantiate their losses.

While we are troubled with the findings associated with our administration of this program, we still feel strongly that we administered the program as well as possible under the circumstances. If we are tasked in the future with administering a similar program, we will institute more internal controls to avoid any questioned costs.

#### AUDIT FINDINGS:

#### Mississippi Agriculture Stability Act of 2020 – Department of Agriculture & Commerce

#### 2021-50 Activities Allowed/Allowable Costs

#### Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed for Requirements for Coronavirus Relief Funds

#### Response:

The Mississippi Department of Agriculture & Commerce (MDAC) has reviewed the Single Audit Findings of the Office of State Auditor. MDAC will strengthen controls to ensure compliance with allowable costs and activities allowed for Coronavirus Relief Funds if in a position to manage such funds in the future. With that being the case, in view of the requirements associated required for funding of Coronavirus Relief Funds and the state statute that created the Mississippi Agriculture Stabilization Act, MDAC and its contractor attempted to create a program and program guidelines to substantiate the losses claimed and attested to by the farmers that applied for funding.

No funds were provided to farmers that were not substantiated by some form of evidence supplied by the farmers. Unfortunately, in some instances, the attested evidence submitted for farm supplies and related items was difficult to dismiss as related to the pandemic due to the complicated scenarios associated with pandemic in 2020. In creating this program in response to Senate Bills 3058 and 3061, MDAC conferred with industry associations and reviewed other similar programs being administered at the state and federal level. MDAC attempted to take a stricter stance on the requirement of documentary evidence illustrating losses, such as but not limited to, receipts, cleared checks and other documents than other states and even the US

Department of Agriculture, which ran a self-attested program for grants to farmers. These documents were reviewed by multiple analysts before a funding decision was made. These same analysts worked closely with farmers to receive information necessary to justify a grant award.

Given the short amount of time to create and complete this grant period, MDAC, in conjunction with its contractor, worked tirelessly to aid farmers within the prescribed rules associated with the funds. This program was launched just as the true effects of the pandemic were really beginning to be felt by the farming industry.

In conclusion, MDAC and its contractor made every reasonable attempt to provide necessary aid to the farming community in Mississippi in view of the statutory requirements associated with the program while running a very complicated program in a short amount of time. Most similarly complicated programs are run over the course of much longer periods of time. That said, MDAC will take measures to put in place great controls in the event a similar program is administered by the agency in the future.

Corrective Action Plan:

The Mississippi Department of Agriculture & Commerce will strengthen controls to ensure compliance with allowable costs and activities for requirements associated with the Coronavirus Relief Funds, or other similar programs, in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andy Gipson".

Andy Gipson  
Commissioner

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**STATE OF MISSISSIPPI  
MISSISSIPPI DEPARTMENT OF CORRECTIONS  
Burl Cain, Commissioner**

**FINANCIAL AUDIT FINDINGS**

**February 11, 2022**

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

Dear Mr. White:

Enclosed for your review are the Mississippi Department of Correction's response to the financial statement audit finding for fiscal Year 2021:

**Finding 2021-005**

Repeat Finding: No

Finding Type: Material Weakness in Internal Controls Over Financial Reporting –Premier Supply Link, LLC

The Funds has contracted with Premier Supply Link, LLC (Premier) to provide canteen services to the Funds' inmates statewide. The contract is a net-of-fee contract whereby Premier provides canteen services and the Fund is compensated based on a determined percentage of the retail sales of canteen items to the Funds' inmates. The Funds rely on Premier invoices and supporting documentation related to retail sales to determine the Funds' compensation accounted for in the Inmate Welfare Fund. There is no review of Premier's monthly calculation of the Funds' compensation and verification of the retail sales and supporting documentation.

**Agency Response:**

MDOC concurs with the finding.

## **Corrective Action Plan**

The agency will enforce MDOC Policy 02-10, Canteen Operations, which stipulates canteen funds will be independently audited and require annual financial status report. The agency will look into amending the terms of the contract with Premier Supply Link, LLC or any vendor awarded the contract to include sufficient language stipulating the agency's discretion to audit financial records and require retention of such records for a specified period of time. The agency is in the process of implementation procedures to obtain retail sales and supporting documentation for a monthly review of canteen services compensation.

The agency will consider requirement of the Service Organization Control (SOC) 1 report to provide independent verification of adequacy of vendor's system of controls. Derrick Garner, the Chief of Fiscal Affairs and Budgeting will be contact person for corrective action plan changes at 601-359-5215. This change will be implemented January 1, 2023.

Sincerely,

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

Burl Cain, Commissioner



## MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.  
State Superintendent of Education

### FINANCIAL AUDIT FINDINGS

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

March 21, 2022

Dear Mr. White:

In accordance with Financial Audit Management Audit Report dated March 10, 2022, the Mississippi Department of Education (MDE) is providing the following response and corrective action plan for the financial audit finding for the fiscal year ending June 30, 2021.

#### AUDIT FINDINGS:

**2021-006**      Strengthen controls over the preparation of the Federal Grant Activity Schedule.

Response: The MDE concurs with the finding and noted the following:

- One out of fifty-three sub-grantees' expenditures were not recorded on the subgrant schedule or listed on the passed to subrecipients column on the grant schedule.
- Two out of eighty-nine MAGIC grant numbers on the grant schedule did not agree to MAGIC.
- Eight out of one hundred ten grant award amounts on the grant schedule did not agree to the grant award. These grants are closed with no federal expenditures as of June 30, 2021.
- Five out of one hundred fifteen grant period end dates reported on the grant schedule did not agree to the grant award.
- One out of one hundred seven cumulative expenditures for the federal subprogram per the grant schedule exceeded the allocated amount assigned by the agency to the federal subprogram within the block grant.
- Three out of one hundred forty grant numbers reported on the grant schedule did not agree to the grant award. Two of the three grants are closed with no federal expenditures as of June 30, 2021.

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Corrective Action Plan:

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

The Executive Director of Accounting and the Executive Director of Grants Management will ensure controls are strengthened over the preparation and review process of the Schedule of Federal Awards and Subgrant Schedule form 27.30.70.

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

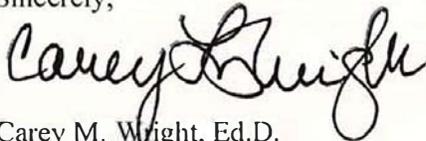
Sheila Franklin-Buie, Executive Director of Accounting  
Elisha Campbell, Executive Director of Grants Management

C. Anticipated completion date for correction action.

August 31, 2022

If you have any questions, please contact Dr. Felicia Gavin at 601-359-5254.

Sincerely,



Carey M. Wight, Ed.D.  
State Superintendent of Education



## MISSISSIPPI DEPARTMENT OF EDUCATION

Kim S. Benton, Ed.D.  
State Superintendent, Interim

### SINGLE AUDIT FINDINGS

October 21, 2022

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

Dear Mr. White:

The Mississippi Department of Education (MDE) has reviewed the single audit findings for the for the fiscal year ending June 30, 2021 and provides the following response and corrective action plan.

#### AUDIT FINDINGS:

21.019 Coronavirus Relief Fund (CRF)  
84.425 Education Stabilization Fund (ESSER)

#### Allowable Costs

**2021-044**     Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary Emergency Relief Fund (ESSER).

Response:     MDE does not concur with this finding. Further, MDE objects to the assertion that it did not act in good faith. In developing the Express Products Listing (EPL) as directed by legislation, MDE awarded a contract to Apple, Inc. since this vendor is a “sole source.” However, MDE initiated a Request for Quote (RFQ) **process**, although not required by law, for additional computer equipment to be included on the EPL. This decision was made to create a competitive process as much as was practicable.

The crux of this finding hinges on the erroneous assertion that only one vendor was allowed to offer input on the specifications. Specifically, the finding suggests that the winning bidder was given unfair advantage based on the lead time in which their input was solicited and received and implies that the winning bidder participated in the RFQ development. These assertions are false. No vendor had any role in the creation of the final RFQ. All vendors selected by MDE were allowed to provide input on the specifications. Meetings were held with the MDE invited vendors to solicit and document input regarding the specifications and other related matters. These meetings are not reflected in the condition of this finding. It is critically important to note that the scheduling of these meeting dates for the purpose expressed above were not solely driven by MDE but were set based on vendor availability. All meetings were scheduled as quickly and as often as practicable under the circumstances.

This finding challenges the scoring for price. Specifically, the finding states, “MDE failed to provide any information on why the points were assigned and calculated other than an overall memorandum of the scores and process.” The legislative intent and success of this initiative was largely shaped by providing school districts with a list of vendors that were able to deliver the volume and meet the timeline for device delivery. Significant consideration had to be given to vendors that were able to deliver the volume of equipment needed by the November 20, 2022, delivery timeline.

Lastly, MDE worked in concert with both state and local stakeholders to ensure full implementation of the legislative intent as outlined in SB 3044, and to ensure that MDE procured goods and services as an emergency response to the pandemic. Thereby, ensuring that every student had a device for the continuity of teaching and learning during the pandemic.

Corrective Action Plan:

- A. MDE will continue to monitor procurement solicitations and awards for compliance with all applicable statutes, policies, and procedures.

10.558 Child and Adult Care Food Program

Allowable Cost

**2021-034**      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).

Response:      The MDE does not concur with this finding. The MDE has a robust system of internal controls and subrecipient monitoring system for the CACFP. In addition to meeting USDA requirements for monitoring, the MDE Office of Child Nutrition (OCN) also employs a risk-based process to select CACFP subrecipients for review and the scope of monitoring. In fact, the MDE routinely exceeds the USDA requirement to monitor 33.3% of participating organizations annually – in Program Year (PY) 2020-2021, 42% of participating organizations were reviewed to provide additional oversight of subrecipients. When the MDE identifies instances of noncompliance, it requires participating organizations to take appropriate corrective action. For organizations that are very high-risk, the MDE employs the USDA Serious Deficiency process in accordance with 7 C.F.R. 226.6.

Further, while USDA does not require a review of bank statements for allowable costs during the annual renewal by organizations, the MDE does review bank statements to determine the allowability of funds. MDE has increased the rigor of this evaluation from one month in PY 2016-2017 to up to 12 months of bank statements for PY 2022-2023.

The OSA did not identify weaknesses in the MDE subrecipient monitoring process, such as in the selection of organizations, the monitoring cycle, or monitoring procedures. Instead, OSA identified errors made by individual participating organizations. The MDE already has a process to recover funds from an organization if an error is discovered during subrecipient monitoring and requires a repayment of funds. In PY 2021, the MDE recovered \$37,048 from the organizations reviewed by OSA. MDE OCN staff will compare these previously recovered amounts to the potential questioned costs identified by OSA to determine any overlap in findings and required repayment of funds.

Finally, MDE staff was not included in the reviews of subrecipients by OSA so the MDE cannot verify the accuracy of the proposed findings. USDA provided numerous waivers of program requirements that altered CACFP requirements during the pandemic. For example, the nationwide waiver of area eligibility in the CACFP at risk component “allow[s] CACFP at-risk afterschool care programs to provide a meal and snack, regardless of their location...” and “ensures that schools and afterschool care centers are able to meet the nutrition needs of students by providing each child with the maximum meal benefits available...” See COVID-19: Child Nutrition Response #68 at 2. These waivers have substantially altered operational requirements for CACFP providers in PY 2020-2021. MDE staff will

need to review documentation from OSA before it can respond to the specific disallowed items.

Corrective Action Plan:

- A. The MDE will review documentation provided by OSA of potential questioned costs and review source documentation held by the subrecipients to determine the amount of unallowable costs. If confirmed, the MDE will recover any unallowable costs in accordance with USDA policies. This review will be completed by April 21, 2023 and Susie Evans, CACFP Director for the MDE OCN, will oversee the review.
- B. The MDE will continue to assess its CACFP monitoring and continue to strengthen the process while remaining in compliance with USDA regulations.

84.010 Title I – Grants to Local Education Agencies  
84.425 Education Stabilization Fund

Reporting

**2021-035**      Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) requirements

Response:      The MDE does not concur with this finding. The MDE maintains a process to report FFATA information timely. The MDE is hampered in its reporting, however, by known issues to the FFATA reporting system. For example, if the MDE needs to revise a report it must submit a request to the FSRS Helpdesk to delete the previously uploaded report before it can upload a revised report. This revised report is required when entities DUNS/UEI became valid and/or when allocations were revised. In these instances, the reporting date will be the date of the revised report, rather than the original report.

The MDE made good faith efforts to upload this information in a timely manner. Unfortunately, the FSRS system cannot provide the transactions on each federal award to show when an original file was uploaded into the system or provide a report on the end-user activity in the system. In addition, the FSRS system experiences frequent system errors that prevent the MDE from uploading its reports in a timely fashion. Thus, the MDE is unable to demonstrate exactly when the file was initially submitted to the FSRS system or upload files that are timely prepared.

These common reporting and system issues are known by and affect all users. Until these issues are corrected, the MDE may continue to experience difficulty in uploading reports. All current reports have been uploaded and are visible within the FSRS system.

Corrective Action Plan:

- A. The MDE will maintain a copy of the PDF file of the upload for the initial submission and will electronically provide a date stamp on the document indicating its upload. This process will be implemented by June 30, 2023 and Elisha Campbell, Executive Director will oversee its implementation.

84.010 Title I – Grants to Local Education Agencies  
Subrecipient Monitoring

**2021-036**      Strengthen Controls to Ensure Compliance with On-Site Monitoring Requirements for Title I.

Response      The MDE acknowledges the findings identified by OSA as described above and concurs. In the 2019-2020 monitoring cycle, the MDE monitored local education agencies (LEAs) that were not monitored in the last three cycles, prioritizing the “time since last review” as the risk factor for Title I programs.

The MDE will continue to utilize the risk assessment for monitoring. The current risk assessment sorts LEAs into three risk categories: low risk, medium risk, and high risk. The higher the LEA’s risk level, the more likely it is selected for on-site or virtual monitoring. LEA risk is determined through multiple risk assessment indicators, tested annually.

Corrective Action Plan

- A. To help LEAs comply with CAP reporting requirements, the MDE will implement a process to track CAP reporting timelines and provide LEAs with a reminder that their CAP is due five business days prior to its due date. If an LEA fails to timely submit its CAP, the MDE will include that failure to submit timely data in its annual risk assessment. This process will be implemented by June 30, 2023 and the division of Monitoring and Compliance will oversee its implementation.
- B. The MDE will continue to utilize its risk assessment, adjusting as needed to ensure compliance. This corrective action has already been implemented.

84.027 Special Education – Grants to States (IDEA, Part B)

84.173 Special Education – Preschool Grants (IDEA, Preschool)

### Subrecipient Monitoring

**2021-037**      Strengthen Controls to Ensure Compliance with On-Site Subrecipient Monitoring Requirements for Special Education Cluster Programs.

Response      The MDE Office of Special Education (OSE) acknowledges the findings identified by the Office of the State Auditor’s as described above. MDE OSE has maintained the review of the Single Audits and provided follow-up on corrections needed by LEAs with funding under IDEA programs. In addition, MDE OSE provides technical assistance to LEAs regarding such. Further, MDE OSE utilizes the District Determinations (SPP/APR) data to provide proactive technical assistance to LEAs.

During the 2019-2020 school year, MDE OSE conducted follow-up monitoring on previously monitored LEAs to assist them in clearing findings from the prior school year. Under the guidance of the National Center for Systemic Improvement (NCSI), MDE OSE monitored LEAs via Special Education Determination Reports, Mississippi Comprehensive Automated Performance-based System (MCAPS) funding application review, and Formal State Complaints using previous procedures while MDE OSE developed new procedures and risk assessments. Additionally, with the onset of COVID-19, the districts and state agencies faced challenges in meeting monitoring requirements and timelines during the last four months of the 2019-2020 school year due to health and safety restrictions. In its implementation of new procedures and risk assessments, MDE OSE has incorporated broad revisions to the agency’s subrecipient monitoring procedures and made a significant investment in building the capacity of new OSE management team members to monitor subrecipient compliance and ensure that subawards are used for authorized purposes.

### Corrective Action Plan

- A. The MDE OSE will continue the programmatic and cyclical monitoring of LEAs that began as a pilot in the spring of 2020.
- B. The MDE OSE will continue to complete the risk-based assessment, that includes the SPP/APR data, each year as universal monitoring of all LEAs to identify those in need of intensive intervention and support.
- C. The MDE OSE will continue to review, approve and monitor budgets and expenditures through the Mississippi Comprehensive Automated Performance-based System (MCAPS) to oversee the use of IDEA grant funds to subrecipients.

Page 7

- D. The MDE OSE has established a procedure of virtual self-assessment via desk audits in the event that the process is once again interrupted due to health and safety concerns.

84.010 Title I – Grants to Local Education Agencies

**Special Test & Provisions – Participation of Private School Children**

**2021-038**      Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements

**Response**      The MDE does not see the finding as a systemic problem with the program. The review of this compliance requirement is a part of the monitoring phase and not the application phase of the grant cycle. During monitoring, LEAs must provide supporting documentation for the following:

- Identification of eligible students for equitable service calculation
- Equitable services to be provided to students
- How, where, and by whom will services be performed
- How will equitable services be academically evaluated for effectiveness
- The size and scope of equitable services that will be provided
- How and when the decision about delivery of services will be made

Corrective Action Plan

- A. The MDE will continue to work with and provide bi-annual training and technical assistance focused on equitable service requirements to subrecipients to follow the established procedures to ensure efficiency and effectiveness.

- 10.553 – School Breakfast Program
- 10.555 – National School Lunch Program
- 10.556 – Special Milk Program for Children
- 10.558 – Child and Adult Food Program
- 10.559 - Summer Food Service Program for Children
- 10.579 – Child Nutrition Discretionary Grants Limited Availability

Subrecipient Monitoring – Single Audit Resolution Process

**OTH-2021-009**      Strengthen Controls Over Subrecipient Monitoring Related to the Single Audit Process

Response                      The MDE tracking log of subrecipients only includes those exceeding the single audit threshold. Those not exceeding the threshold are not included on the log. There is no requirement to provide a log of subrecipients not exceeding the threshold. The MDE does maintain a list of all participating organizations.

As noted by OSA, one organization incorrectly reported the amount of federal funds expended for PY 2020-2021 and was not included on the tracking log. However, this organization’s single audit was found by the MDE at a later date, after the initial log had been created. The audit was reviewed by OCN staff and the organization provided corrective action based on the findings of the audit.

Corrective Action Plan:

- A. The MDE will review the single audit tracking process and ensure that all audits are included on the tracking log

Thank you for the opportunity to provide the above response.

Sincerely,



Kim S. Benton, Ed.D.  
Interim, State Superintendent of Education



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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Education (MDE) Management**

**Department of Education – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-034      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Child and Adult Care Food Program (CACFP).**

Mississippi Department of Education (MDE) asserts in their disagreement with the finding that they have a “robust system of monitoring” and that they could not verify the accuracy of the finding due to “not being included in the reviews of the recipients.

OSA reviewed a significantly lower percentage of CACFP subrecipients than MDE alleges they reviewed in their response (42%) and OSA found enough noncompliance to warrant a material noncompliance finding with \$126,191 in questioned costs, which should be noted is more than triple (\$37,408) the amount MDE stated they recovered from similar organizations.

Additionally, the assertion that the accuracy could not be verified due to not being “included in the reviews of subrecipients” is misleading, and implies that MDE was not made aware of the particulars of the questioned costs. MDE was provided with a list of all the CACFP subrecipients that are noted in the finding and a list of the specific questioned costs. MDE stated it would take months to review those expenditures at the same level of detail that OSA personnel were able to complete in less than six weeks.

In conclusion, the sheer number of errors in the subrecipient monitoring process that led to the questioned allowable costs does not support MDE’s statement that their internal controls and subrecipient monitoring system is either robust or adequate.

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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Education (MDE) Management**

**Department of Education – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-044      Strengthen Controls to Ensure Compliance with Allowable Costs Requirements of the Coronavirus (COVID) Relief Funds (CRF) and Elementary and Secondary School Emergency Relief Fund (ESSER).**

MDE states in their response to the finding that “the crux of this finding hinges on the erroneous assertion that only one vendor was allowed to offer input on the specifications.” The finding acknowledges that MDE provided evidence that three of the four vendors received the specifications in advance, but the winning bidder received them 20 days in advance, while the remaining two vendors received them 7-8 days in advance. Additionally, the specifications sent to the winning bidder were marked “draft” and redline comments were added to the specifications by the winning bidder when they were returned to MDE. While MDE did not adopt all of the winning bidder’s suggested modifications to the specifications, modifications like the size of the needed laptop screens were adopted by MDE. MDE could provide no support that the fourth bidder was given advance notice of the specifications.

Secondly, MDE asserts that the points assigned to the winning bidder for the “Devices” category hinged on the guarantee that the devices would be delivered by the November 20, 2022 delivery timeline; however, two other bidders with lower price points overall on devices also committed to having devices delivered no later than November 20, 2022. In fact, bidders were told that that delivery by November 20, 2022 was a requirement to bid on the RFQ. MDE did not describe why the bidders received the points that they did (as stated in the finding), and their statement that it depended on delivery dates is not supported by the RFQs. This type of discrepancy is the reason that the evaluations of RFQ’s should contain sufficient detailed justification of points awarded.

**Department of Education – Reporting – *Material Weakness - Material Noncompliance***

**2021-035      Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) Requirements.**

MDE states that they do not concur that FFATA information was entered timely or that no documentation was maintained that could verify the information was entered; however, their response verifies that “MDE is unable to demonstrate when the file was initially submitted...” Additionally, MDE has provided a

corrective action plan to address the elements of the finding. OSA will review this corrective action in later audits to determine if MDE has complied.”

**Department of Education – Special Tests and Provisions – *Significant Deficiency/Immaterial Noncompliance***

**2021-038      Strengthen Controls to Ensure Compliance with Equitable Participation of Private School Children Requirements.**

MDE states that they do not believe this is a systemic problem with the program, but states that they do not require supporting documentation in the application phase, and review those documents in the monitoring phase of the grant process. There is a significant lag time between the application phase on the grant cycle and MDE’s subrecipient monitoring. Due to this lag, errors in the Local Educational Agency (LEA’s) documentation would not be identified timely, resulting in improper Title-I allocation. In addition, every LEA is not selected for on-site monitoring each year. Not reviewing the LEA’s documentation prior to approval could result in errors in the Title-I allocation that may not be identified timely or at all. MDE should consider strengthening these controls to ensure the proper allocation of funds timely.



## MISSISSIPPI DEPARTMENT *of* EMPLOYMENT SECURITY

OFFICE OF THE GOVERNOR  
ROBIN STEWART  
INTERIM EXECUTIVE DIRECTOR

### **FINANCIAL AUDIT MANAGEMENT REPORT FINDINGS**

April 13, 2022

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

Dear Mr. White,

The Mississippi Department of Employment Security (“MDES”) has reviewed the Office of the State Auditor’s Financial Audit Management Report findings for fiscal year 2021 and hereby submits the following responses:

#### **2021-008 Strengthen Controls over the Unemployment Insurance Benefits Paid**

##### **MDES response:**

MDES understands that the State Auditor has highlighted the following specific actions by MDES as allegedly improper:

- 1) The waiver of the statutory waiting week period;
- 2) The waiver of the statutory work search requirements;
- 3) The alleged waiver of the federal and state “able, and available for work” requirement; and regulation for unemployed claimants;
- 4) The temporary modification of the weekly earnings allowance for part-time unemployed claimants; and,
- 5) The modification of MDES procedures to limit temporarily the evaluation of job separations to the most recent base period employer rather than all base period employers.

Through these statements, the State Auditor implies that MDES failed to follow federal law and guidelines essentially ignoring and overriding certain safeguards in the UI system during the pandemic. It is MDES's position, however, that this implication is misguided because it fails to recognize both the newly enacted federal law as well as the actual operations of MDES during the pandemic.

On March 18, 2020, the President signed the Families First Coronavirus Response Act (Pub. L. 116-127). In this legislation, Congress provided emergency supplemental appropriations in response to the economic challenges of the Coronavirus (COVID-19) by specifically creating the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA). Section 4102(b) of EUISAA states

Notwithstanding any other law, if a State modifies its unemployment compensation law and policies with respect to work search, waiting week, good cause, or employer experience rating on an emergency temporary basis as needed to respond to the spread of COVID-19, such modifications shall be disregarded for the purposes of applying section 303 of the [SSA] and section 3304 of [FUTA] to such State law. (Emphasis added).

Further provisions of EUISAA outlined the mandatory changes states were obligated to implement in order to receive *any* emergency administrative grants and allotments to assist with funding the massive increase in pandemic UI claims caused by government ordered shutdowns of nearly every commercial enterprise in the entire United States, including those in Mississippi. EUISAA expressly authorized states to modify, but only temporarily, certain aspects of their unemployment compensation (UC) laws to address the pandemic emergency. Specifically, in order to obtain the federal assistance offered under EUISAA and to safeguard this state's Unemployment Compensation Trust Fund (UC Trust Fund), Mississippi had to agree to suspend the waiting week under state statute through December 30, 2020. (Miss. Code §71-5-511(d)). Subsequent federal laws addressing pandemic unemployment extended the termination date of this waiver with the final extension being March 14, 2021. American Rescue Plan Act of 2021 (ARPA).

To qualify for the federal pandemic allotments necessary to secure funding for the UC Trust Fund to support Mississippi citizens unemployed by the pandemic, EUISAA also required Mississippi to modify or suspend the work search requirement (*Miss. Code Ann. §71-5-511(d)*).<sup>1</sup> Mississippi elected to suspend the work search requirement because most commercial businesses in this state were subject to closure by a series of Executive Orders from March 8, 2020 (the first week for UI purposes) until

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<sup>1</sup> UIPL Number 13-20 at p. 5 section (B)(ii) states the following with respect to qualifying for Allotment II of Emergency Administrative Grants: "The state [must] demonstrate steps it has taken or will take to ease eligibility requirements and access to UC, including modifying or suspending work search requirements and the waiting week, and non-charging employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers." (Emphasis added).

August 8, 2020.<sup>2</sup> Executive Orders from the Governor modified state law to authorize MDES to suspend the work search requirement. The initial order modifying state law, Executive Order number 1481 at paragraph 3 set the suspension period for the work search requirement as March 1 – June 27, 2020. Executive Order number 1502 both extended and modified the period to March 8 – July 25, 2020, when the Governor determined the pandemic health crisis required most non-essential businesses to remain closed. (Exec. Order No. 1502 (2020) at paragraph 3). Finally, the suspension of the work search requirement ended a mere five months later with Executive Order number 1510, which announced the final period as March 8 – August 2020. (Exec. Order No. 1510 (2020) at paragraph 3). The Department of Labor (“DOL”) provided a more detailed explanation of the proper suspension procedures for the work search requirements in its Unemployment Insurance Program Letter (“UIPL”) number 13-20 (March 22, 2020) and 13-20, Change 1, Attachment 1 (May 4, 2020).

Moreover, in March 2020, as per the mandates within the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES) (P.L. 116-136), Mississippi executed an agreement with DOL committing it to comply with the guidance promulgated by DOL with respect to the operation of the recently enacted temporary federal pandemic unemployment assistance programs. DOL reserved the right to terminate the agreement with the state of Mississippi along with all federal support for this state’s UC Trust Fund in the event that Mississippi failed to comply with DOL guidance regarding operation of these programs, including, but not limited to, the suspension of the waiting week, the waiver or modification of the work search requirement, and the application of a flexible interpretation of “able and available” for employment in the context of the pandemic.

**MDES did not waive the “Able & Available” Requirements.**

With respect to the requirements that an eligible claimant be “able to work, available for work and actively seeking work” (able and available requirement) under *Miss. Code Ann.* §71-5-511(c) and Regulation 305.3 the alleged “material weakness” cited by the Office of the State Auditor (“OSA”) misses some key facts. First, DOL clarified for state workforce agencies (SWA) in UIPL 10-20 (March 19, 2020), that SWAs have *considerable flexibility* to determine “what it means for [an] individual to be able, available, and seeking work, even when quarantined or otherwise affected by COVID-19.” UIPL 10-20, at p. 3. Using this DOL guidance, the Governor issued Executive Order number 1481 that again *modified* state law to authorize MDES to “reasonably interpret able to work, available for work, and actively seeking work” in the context of the pandemic from March 8, 2020 through June 27, 2020. (Exec. Order no. 1481 at para. 5. (May 11, 2020)). MDES did “reasonably interpret” the “able and available requirement.” It did not waive it. Subsequent Executive Orders, the last being number 1510, extended the period for the modification of this aspect of state law granting MDES authority to the

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<sup>2</sup> The Governor’s orders closing activity in this state started with Executive Order number 1458 on March 16, 2020, which placed state workers on administrative leave and other orders that gradually opened the businesses in this state ending with number 1522 that opened all businesses and facilities with reasonable precautions effective September 14, 2020. As per the guidance from the Department of Labor, this state designated March 8, 2020, as the starting date for pandemic-related unemployment claims if applicable to the claimant under Mississippi Unemployment Security Law and regulations.

flexibility to interpret the meaning of the “able and available requirement” under the circumstances of the pandemic through September 26, 2020. (Exec. Order no. 1510 at para. 4 (July 24, 2020)). As explained in footnote 2 *supra*, this state did not fully authorize all businesses and facilities to re-open until September 14, 2020. (Exec. Order No. 1522 (September 13, 2020)).

***The increase in the Weekly Earnings Allowance encouraged work not fraud.***

It is unclear why increasing this allowance from \$40 to \$200 per week constitutes a fraud risk given that the individual claimant must actually earn this amount by participating in gainful employment. First, the period of the increase in the Weekly Earnings Allowance lasted for only four months - from May 3, to September 26, 2020. (Executive Order 1510 at paragraph 5). Second, individual claimants must actually work for an employer earning wages to qualify for this Allowance. This is a critical observation, because, if one recalls, there was a severe shortage of workers actually willing to report to work in the early months of the pandemic. MDES exercised the “flexibility” allowed under the federal law and by DOL to address this worker shortage.

***The evaluation of separation from the most recent base period employer was a reasonable, temporary flexibility employed by MDES in light of the challenges presented by the pandemic.***

MDES faced the largest number of unemployed claimants in the history of this state. Unlike Hurricane Katrina, the previous catastrophe that seriously tested the resources of this agency, the COVID-19 pandemic touched all 82 counties in Mississippi in March through September of 2020, and even through 2021. This left no offices in the state from which to draw additional personnel or other resources as each office needed to address the historic volume of UI claims locally. Despite being one of the most technologically advanced SWAs in the nation, all systems of MDES faced an overload in the initial weeks of the pandemic from the UI claims system to the phone system. In addition, the nation, including Mississippi, was shutdown with nearly everyone sent home as “non-essential.” In this context, it was impossible for MDES to reach out to all base period employers for each claimant. MDES initially tried adhering to its standard policy. However, it found that many employers were not operating and therefore did not respond to phone calls or mailed documents.

For these reasons, MDES strongly disagrees with this finding. MDES adapted to the circumstances as permitted by the flexibilities afforded to it under federal law and by the DOL. By the terms of Executive Order number 1510, MDES ceased exercising this flexibility on September 26, 2020. The agency resumed its pre-COVID-19 process of verifying the job separation information from all base period employers for individuals filing any type of unemployment claims. Where appropriate, it established overpayments and started collection efforts.

Because of the pandemic, and the suspension of eligibility measures mandated by federal and/or state law, MDES suspended the incarceration Cross-match process for several months. Reactivation of the interfaces occurred within a few months allowing the eligibility verifications to resume. In addition, MDES re-verified all eligibility determinations with the incarceration interface. No backlog exists for

incarceration re-verifications. Again, where appropriate, it established overpayments and started collection efforts.

To be clear, MDES received authorization under federal and state law to waive or modify the laws, regulations, and procedures cited by OSA. MDES followed the federally mandated procedures to administer the federal pandemic unemployment programs and to maintain the fiscal security of this state's UC Trust Fund. While MDES acknowledges that it has learned much about how to improve its performance during a statewide mass unemployment event, it can only administer programs according to the rules. Therefore, it is important to recognize the actual federal laws that MDES, and all other states, were required to administer during the pandemic, as well as the circumstances under which it had to do so.

**2021-016 Strengthen Controls over the Reconciliation of the State's Financial Accounting System (MAGIC) to the Third-Party Unemployment Software (ReEmploy).**

**MDES Response:**

MDES has strengthened its controls over the Unemployment Insurance (UI) financial reporting process by implementing a monthly reconciliation between the detailed UI payment records from ReEmployMS to the summary payment data reported in our accounting reports. MDES created a pre-defined query in "COGNOS," its third-party business analytics software. The pre-defined query pulls a detailed list of all UI benefit payments, by entitlement type, made during the month, and allows MDES to analyze the records for any errors that have occurred. This analysis and reconciliation tool enables MDES to promptly respond to correct system errors and, in the event of a payment error, allows for the timely setup of an improper payment in the system. Furthermore, the transactional level payment reports will provide adequate audit support for the expenses recorded in the financial statements and should significantly reduce the time to provide support for audit requests.

Additionally, MDES is in the process of developing a monthly report that will identify unearned revenue received from UI employer contributions. This report will allow for the timely recognition of unearned revenue.

**Finding 2021-17 Strengthen Controls over the Identification of Unemployment Benefit Overpayments.**

**MDES response:**

Annually, MDES reevaluates our allowance for doubtful accounts estimate based on updated accounts receivable figures from our ReEmployMS system in order to estimate the collectability of current UI overpayment accounts receivable (A/R) balances. MDES recognizes the difference as uncollectible A/R. This is done by using the current year A/R aging schedule and comparing the amounts collected for each year to project the estimated collectability of the remaining debt. MDES then records this as

A/R on the financial statements. MDES management reviews this calculation and performs additional procedures to determine if the amount calculated needs an adjustment. Over the past few years, MDES has used a specific secondary calculation for comparison purposes, and since the two calculations were very close, deemed it proper to average the two calculations together.

In our opinion, MDES did not deviate from the overall process of performing the original A/R analysis, executing additional procedures to determine if the calculation was proper, and making any additional adjustments. Therefore, we did not deem it necessary to make further disclosures about the allowance calculation. However, MDES understands that while OSA agrees with our overall allowance calculation, OSA deems this as a departure from the previous methodology, which requires a disclosure of the effect of the accounting estimate change. Therefore, MDES will strengthen controls over financial reporting by making a more thorough documentation of our A/R allowance calculation each year and making proper disclosures as required.

With respect to the increase in disbursements under the Pandemic Unemployment Assistance (PUA) program, MDES began administering the program conservatively to balance the competing goals of the program of minimizing fraud and the liberal awarding of benefits. MDES established the initial PUA claim during the first 21 days for individuals without wages or without support for the asserted wages as the minimum Weekly Benefit Amount (WBA) of 50% in accordance with the calculation outlined in 20 C.F.R. § 625. For any individual who later presented support for the asserted wages at the time of claim filing, MDES issued a re-determination and increased the WBA accordingly. For any other individuals who failed to provide the requisite support for the claimed wages, MDES did not establish overpayments because the provisions of the program provided the same minimum weekly benefit amount (WBA) for each eligible claimant who failed to provide the appropriate proof of earnings. MDES elected, using that process, to establish the claim at the minimum WBA to avoid excessive improper payments and limit fraud.

However, in December of 2020, DOL admonished MDES for employing this process because it did not match the program's guidelines. Moving forward in 2021, DOL required MDES to adjust its administration of the PUA program to align its procedures with the DOL guidance allowing self-certification of wages. MDES adhered to these guidelines as well as the requirements of 20 C.F.R. 625.6 for processing any new PUA claims starting in 2021. These procedures obligated MDES to accept the claimant reported self-certified wages at the time of the initial claim for use in the calculation of the WBA for the first 21 days resulting in an increase in benefit overpayments.

#### **2021-018 Strengthen Controls over the Overpayments of Employer Contributions.**

##### **MDES response:**

MDES regularly has employer overpayments due to a variety of reasons. These include miscalculation of the tax due as well as general overpayment of tax due by employers or their representatives. These employer payments constitute the bulk of all employer contribution overpayments. However, during

2021, the MDES computer program (program) that calculates and processes employer tax contributions had a system error that resulted in overpayments for a specific set of employers. This group of affected employers timely filed wage reports. These employers are also distinguished by the fact that additional wage information was received requiring MDES to adjust each employer's wage reports after September 30, 2020. On the wage adjustment event, the program error used the post-September 30 date generated by the entry of the adjustment for each employer to determine the timely filing date. As such, these reports were set as untimely filed wage reports. The system then assessed the maximum tax rate to this very small group of employers with this specific set of characteristics. MDES discovered this programming error on its own and manually corrected it with the 2021 rates. This absolved this small group of employers from paying either the maximum rates or any penalties. However, in the interim, some employers remitted contributions at the higher rate generating overpayments after the correction. This computer programming error only affected a handful of employers.

With respect to refunds, the plain meaning of the words of the section addressing refunds are clear and unambiguous. This section states:

The Department is authorized and empowered to refund, without interest, such contributions, interest, and penalties as it may determine were paid erroneously by an employer, or may make or authorize an adjustment thereof in connection with subsequent contribution payments, provided the employer shall make written application for such refund or adjustment within three (3) years to the last day of the calendar year in which such contributions were erroneously paid, were performed. For like cause and within the same period, adjustment or refund may be made on the Department's own initiative.

*Miss. Code Ann. §71-5-383.* The language of this statute is clear, obviating the need for a written policy. MDES is only authorized by statute to provide refunds of contributions, interest, and penalties that either it determines on its own were paid erroneously or if an employer requests a refund in writing within three (3) calendar years from the date of the contribution. After that time, MDES lacks authority to issue refunds because those amounts change character from credits to the employer to contributions once the deadline passes. That interpretation comprises the plain meaning of the statute. MDES Regulation 600.03 explains that the Department has the authority to apply credits to future balances. *Miss. Code Ann. §71-5-383.* The statute limits this regulatory to the three-year period of the credit. *Miss. Code Ann. §71-5-383*

Note specifically that the statute limits the authority of MDES to issue refunds either to employers that submit a written request or on its own initiative but only within the three (3) calendar year period. *Id.* In addition, in all cases, the statute dictates to the agency the process for transferring the monies from the employer to the Trust Fund after the three (3) year period. *Miss. Code Ann. §71-5-453.*

Please note also that MDES provides three (3) forms of notice to employers of any available credit balances. An employer may review its current account with MDES seven days a week, 24-hours a day, online. In addition, MDES is now mailing a notice to employers with available credit balances in June

and December of each year. MDES is in the process of implementing a notice to employers that will provide them information concerning any credit scheduled to expire annually on December 31. MDES plans to mail this letter to employers each October. The annual notice by mail will create at least seven (7) opportunities for notice of an employer's credit balance before its expiration.

In December of 2021, the MDES Chief of Tax personally corresponded via mail with all employers with credits set to expire at the end that year to provide an additional notice of refund eligibility. MDES also used an email blast, posted a notification of the expiration of credits to its news and information section on all employer accounts and posted instructions to either request a refund or assistance. Due to the late issuance of this letter, MDES allowed refunds to any employer responding to MDES prior to the end of that calendar year.

Internally, as noted in the response to finding 2021-016, MDES accounting staff is developing a monthly report that will identify employer payments resulting in a credit balance and ensure proper revenue recognition on the financial statements.

Our agency appreciates the opportunity to respond to the MDES financial audit findings for the fiscal Year 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Stewart", is written over a horizontal line.

Robin Stewart  
Interim Executive Director



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

**Auditor's note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management**

***Material Weakness***

**2021-008      Controls Should be Strengthened over Unemployment Insurance Benefits Paid.**

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration cross matches
- 4) Internet Protocol Address checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

- 1) Interstate Suspicious Actor Repository to match claims across states
- 2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
- 3) Data Analytic tools
- 4) Fraud Alert Systems
- 5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

### ***Material Weakness***

#### **2021-018      Strengthen Controls over the Overpayments of Employer Contributions.**

According to multiple conversations with MDES personnel during the audit, MDES immediately recognized employer overpayments as “Revenue” and moved the amounts to their Trust Fund from their clearing account, which is a violation of generally accepted accounting principles as the money has not actually been “earned” until the passage of the required three years.

Moreover, the MDES response states that they provide three forms of responses to employers regarding their overpayments; however, this was not the practice in fiscal year 2021 until this matter was brought to Management’s attention by the auditors. Auditors informed Management of this issue prior to December 2021, so any action taken by the MDES Chief of Tax as outlined in the response was in reaction to the lack of controls over employer contributions, and therefore cannot be used as a validation of the existence of controls. MDES states that these overpayments can be refunded to the employer if the employer requests such a refund in writing; or the request could be given at MDES discretion without a corresponding request. MDES needs to ensure employers are aware of overpayments so that they can request these refunds, if so desired.

In conclusion, MDES needs to strengthen controls over employer overpayments so that the State’s employers are not penalized by an error in MDES’ system and can be refunded overpayments timely.



**MISSISSIPPI DEPARTMENT *of* EMPLOYMENT SECURITY**  
OFFICE OF THE GOVERNOR

**Tate Reeves**  
**Governor**

Robin Stewart  
Interim Executive Director

**SINGLE AUDIT FINDINGS**

October 21, 2022

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

Dear Mr. White:

Enclosed for your review are the Mississippi Department of Employment Security's responses to the single audit findings for Fiscal Year 2021.

**ALN Number 21.019**

**2021-043 - Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.**

**MDES Response:**

MDES and its subgrantees respectfully disagree with the findings set forth in finding 2021-043. The Coronavirus Aid, Relief, and Economic Security Act (CARES) (2020), as later amended by the Coronavirus Response and Consolidated Appropriation Act (2021), authorized the allocation of relief funds to states to cover the costs of "the state or...a local unit of the state that were necessary expenditures related to the Covid-19 pandemic, that had not been budgeted prior to March 27, 2020, and were incurred during the pandemic period of March 1, 2020, through December 30, 2021." MDES maintains the position that the relief funds, appropriated by the Mississippi Legislature, were duly expended according to, and in compliance with, the guidelines and restrictions set forth in the CARES Act, as well as all other relevant federal regulations and guidance.

**I. Relation to the Public Health Emergency**

The expenditure guidance issued by the Department of the Treasury (hereinafter, "Treasury Guidance" or "Treasury") explains permissible "necessary costs" related to the Covid-19 public health emergency. This Treasury Guidance provides an expansive definition of "necessary" meaning "that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending

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the COVID-19 Relief Fund payments.” Treasury specifically references the use of Covid-19 Relief Funds (also referred to as “Funds”) to cover employment and training programs for employees furloughed due to the public health emergency so long as the government officials responsible for spending the Funds have “determined that the costs of such employment and training programs would be necessary due to the public health emergency.” The State of Mississippi, through its Legislature, made just such a determination in 2020 in House Bill 1795 (2020) hereafter, “Covid Relief Bill”). The Covid Relief Bill designates MDES as the ultimate government body responsible for spending these funds. In 2020, MDES concluded that the purposes listed in the Covid Relief Bill defined the “necessary costs” due to the public health emergency as confirmed by the elected representatives of the citizens of this State. This bill outlined the following specific purposes for authorizing the use of the Funds: for short-term training programs; for the equipment and supplies necessary to support such short-term training programs and to increase the capacity of training programs that are already in place, so that employees and others who have been displaced due to the Covid-19 public health emergency can be more competitive and trained for the job market that emerges after the Covid-19 public health emergency; for on-the-job training; and for certain administrative fees.

Moreover, the Covid Relief Bill lists examples of permissible expenditures necessary to respond to the unique impact of the Covid-19 public health emergency on the employer and labor sectors of Mississippi’s economy. These examples serve only as a guide, because they are expressly not exhaustive. House Bill 1795 authorized not only employment and training programs but also any equipment purchases that enabled the Community Colleges to increase the capacity and capabilities for distance learning, as well as to “increase social distancing capabilities” for either students or instructors.

## **II. Independent Determination by MDES that the Questioned Expenditures were Necessary**

### **A. State Law Expressly Authorized the Purchase of Equipment to Facilitate Social Distancing Capability and Increase Learning Capacity and Capability**

As a result of the 2020 Legislative Session, which involved a deliberative process of the representatives of the citizens of the state of Mississippi deciding how to best spend some of the federal Covid Relief Funds, the Mississippi Legislature allocated funds to the Community Colleges of this state through MDES, to provide immediate and near-term job training to persons displaced as a result of the Covid-19 public health emergency. The resulting state law expressly authorizes these expenditures so long as MDES independently determines the necessity of such expenses as resulting from the Covid-19 public health emergency. Also, during 2020, MDES worked on the front lines of the unemployment crisis in this state. Data from 2020 reveals the dramatic rise in unemployment in Mississippi among the four Planning and Development Districts: Twin Districts, Mississippi Partnership (hereinafter, “MS Partnership”), Southcentral, and the Delta. In February of 2020, the unemployment rate among the four Planning and Development Districts in Mississippi was: Twin Districts- 5.4%, MS Partnership- 4.7%, Southcentral- 5.1%, and the Delta- 7.7%. By April of 2020, the unemployment rate had risen in these districts to: Twin Districts- 15.1%, MS Partnership- 15.1%, Southcentral- 13.9%, and the Delta- 15.9%. By mid-2020, these unemployment rates began to slowly recede from the peak but remained high through November of 2020 at the time the expense approvals for the Covid Relief Funds occurred.

In addition, MDES considered the underlying data that became part of the 2020 annual reports for the unemployment and covered employment rates by county. As part of its regular mission, MDES staff consider the economic challenges facing different regions of the state which impact workforce development decisions. All of these factors impacted the determination by MDES that the questioned costs were necessary due to the public health emergency.

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Even after determining that the use of Covid Relief Funds met the initial element of the Treasury Guidance criteria, MDES followed a specific and thorough process to ensure that it evaluated the justification for each individual Community College's proposal. To start the process, MDES sent each Community College in Mississippi, via the respective Planning and Development District, information regarding the requirements of the proposals to be submitted and, the then-current Treasury Guidance noting the specific Covid-19 related reason for the equipment purpose. This agency also created a committee of senior staff with experience in Business Management and Grants to evaluate the financial and other details of each proposal. Each Community College's proposal passed through several revisions from approximately August through November of 2020, as the committee requested additional supporting information and justification prior to finally accepting a requested purchase or expenditure as necessary.

**B. Equipment expenditures were necessary to follow state mandated social distancing requirements**

Mississippi Community Colleges received general health and safety guidance from the Mississippi Department of Health regarding masks, quarantine, and isolation protocols. They also received monthly or more frequent mandates outlining very specific social distancing and indoor masking requirements. In addition, each Community College adopted its own Covid-19 safety policy or protocols.

Starting on March 24, 2020, social distancing and capacity restrictions were established for all businesses in this state and identified "essential" businesses for this state during the Covid-19 health emergency. On April 3, 2020, at 5:00 p.m., all non-essential businesses were closed, allowing the defined essential businesses to remain open with restrictions, and all residents of this state were ordered to "*Shelter in Place*" (lockdown). On May 8, 2020, the *Shelter in Place* order expanded the list of essential businesses permitted to open and operate under certain conditions ("*Safer at Home*"). A final extension of the *Safer at Home* order moved the restrictions deadline to June 1, 2020. Pursuant to Executive Order 1495, all state subdivisions were called to resume normal business operations on July 1, 2020.

On June 10, 2020, the "*Safe Return*" Executive Order granted permission for all social and community activities to resume as long as those activities complied with the guidance provided by the Mississippi Department of Health. From June 1, 2020, through the last week of July of 2020, the *Safe Return* order remained in place with multiple deadline extensions. Starting July 19, 2020, the health restrictions were narrowly tailored, including social distancing, to a list of specific counties with the highest number of Covid-19 cases and required more stringent social distancing, sanitizing, masking, and other safety requirements. On September 30, 2020, these social distancing requirements were re-affirmed.

Covid-19 cases began to steadily increase in Mississippi from October through December of 2020, with many surges in Covid-19 cases in Mississippi from 2020 through 2021. Many counties in this state were placed under a mask mandate by executive order during this time period. Thus, the steady increase of Covid-19 cases from March 1, 2020, to December 31, 2020, necessitated both social distancing at the Community Colleges as well as distance learning.

**C. Equipment Purchases Met Monitoring and Purchase Requirements As Set Forth Under Federal Guidance Procedures**

Treasury Guidance required that the equipment purchases be completed and the purchased equipment "be put to use in service of the Covid-19 related use for which it was acquired... by December 31, 2020." MDES approved all equipment purchases that OSA now questions prior to December 31, 2020, which was well within

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the Relief Fund Period. Moreover, MDES hired a third party to verify, in-person, that delivery of the equipment occurred prior to December 30, 2020. MDES also required that the individual Community Colleges tag each piece of equipment on the respective colleges' inventory for each item purchased through the Covid Relief Fund program.

Furthermore, each Community College purchased all equipment prior to December 31, 2020, because a state law required certain federal Covid-19 related funds not expended by December 15, 2020, be transferred to the state's Unemployment Trust Fund. Also, pertinent budget documents substantiate that the purchases were not accounted for in the most recently approved budget (2020 period) of the Community Colleges, thus the purchases were allowable under federal guidelines.

All but one of the Community Colleges placed the newly purchased equipment into service before the end of the Relief Fund Period on December 31, 2021. MDES objects to the OSA's Questioned cost for East Mississippi Community College's (EMCC) purchase of the Thompson Machinery/Thompson Power-Caterpillar Equipment Simulators in the amount of \$172,247.15 for failing to place the equipment in service during the Relief Fund Period. The response by EMCC reports that this equipment entered service on February 1, 2021, therefore, placement in service occurred during the Relief Fund Period.

MDES also challenges the questioned cost for three drones by Copiah-Lincoln Community College ("Co-Lin CC"). As an emerging technology, commercial enterprises continue to find new uses for drones. However, to effectively use this technology, private enterprises need trained and registered drone pilots. The Federal Aviation Administration estimates a potential "phenomenal" growth in professional grade drones through 2025, and thus a corresponding need for registered drone pilots. Moreover, the very nature of this technology permits not only instruction at a safe distance but surveying and inspections as well. These tasks were in high demand as a result of the lockdown during the pandemic. The reasons supported the nexus between this equipment purchase and the Covid-19 public health emergency.

Holmes Community College (HCC) did not place its purchased equipment during the Relief Period because it fell victim to the precise shortage it purchased the equipment to address- a severe lack of skilled HVAC technicians. Despite repeated efforts, HCC proved unable to hire an instructor for the high demand HVAC program because the scarcity of technicians resulted in rising private sector hourly rates with which it could not compete. HCC did arrange for an instructor to timely begin the HVAC course, however, he secured full-time employment before the course began. HCC was reasonable and prudent in its purchase of the HVAC equipment in the fall of 2020, and did not exceed costs which would have been "incurred by a prudent person in the circumstances prevailing at the time the decision was made to incur the cost". The Treasury Guidance permits a "recipient to use payments from the Fund to purchase a durable good that is to be used during the current period and in subsequent periods if the acquisition in the covered period was necessary due to the public health emergency." The severe labor shortages resulting from the Covid-19 public emergency directly impacted HCC's ability to place this equipment into service and begin training students. However, the penalty of repayment of these funds to purchase this equipment under these circumstances completely undermines the express purpose of the Covid Relief Funds and exacerbates the severe HVAC labor shortage created as a result of the public health emergency. Moreover, as soon as an instructor was hired, HCC began using this equipment to train students.

**D. State Law Expressly Authorized the Purchase of Equipment to Expand Training Capacity/or Capability**

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MDES relied upon both the list of essential businesses and industries in Executive Order No. 1463 (March 24, 2020) as well as economic data presented by the Community Colleges and local employees at the time of the funding proposals to determine which courses qualified as necessary expenditures incurred as a result of the Covid-19 public health emergency. The industries and/or jobs deemed essential and therefore in high demand during the Covid-19 emergency in Mississippi include, but were not limited to: construction and HVAC services, warehouse, distribution, and fulfillment centers, agriculture, food cultivation, and manufacturing.

Also, MDES prioritized individuals displaced by or underemployed by the effects of Covid-19 for such courses, thereby matching the needed skills with the people in need. Unemployed and underemployed students completed the classes offered by the Community Colleges.

The questioned equipment not related to distance learning include two lathe purchases by Itawamba Community College (ICC). MDES determined the purchase of the two spindle lathes, for a total of \$313,800.00 by ICC, met the requirements of “necessary as a result of the Covid-19 public health emergency”. ICC explained that prior to 2020, students received hands-on training through internships with area employers. However, because of the Covid-19 public health emergency and the resulting health orders, these employers suspended these internships in the fall of 2020. ICC purchased the lathes in the fall of 2020 and conducted the classes that semester as well.

ICC served a total of 22 students in precision machining and industrial maintenance classes using these lathes, of whom 50 percent were unemployed and 81 percent were financial aid eligible. In the fall of 2021, even though the internships resumed, having this equipment allowed ICC to offer practical training to more students, especially the 8 unemployed and 17 underemployed students enrolled in these classes.

### **III. Conclusion**

To contest the OSA’s Questioned Costs, MDES has presented several levels of support and documentation. Under the *Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments*, 86 Fed. Reg. 10 (Jan 15, 2021) and by virtue of House Bill 1795, MDES has explained that it had authority to determine the necessary and qualifying expenditures related to the Covid-19 public health emergency for Covid-19 Relief Funds. MDES has further outlined how it followed the requirements of the CARES Act and the Treasury Guidance to use data from 2020 to evaluate the causal relationship between the Covid-19 public health emergency and the funding requests presented by the subgrantees, the Community Colleges.

The factors impacting the necessity for the approval of the funding requests include: (1) the sudden, mass unemployment that occurred in Mississippi as a result of the Covid-19 health emergency coupled with; (2) the continued social distancing caused by the number of Covid-19 cases and deaths in Mississippi; and (3) the need to provide crucial skillsets to meet the changing market demands created by the Covid-19 pandemic as Mississippi returned to closer-than-normal life.

MDES has also explained that the expenditures occurred during the Relief Period from March 1, 2020, through December 31, 2021. Further, the Planning and Development Districts, through the individual Community Colleges, have presented additional documentation to OSA to support the budgetary requirements for the questioned costs as well. The Community Colleges have also included extensive documentation to OSA outlining the validity of these charges under the Treasury Guidance as described in this response.

MDES and its subgrantees object to the OSA’s Questioned Costs finding as noted and documented in this response and supporting documents. For these reasons, the questions concerning these costs should be cleared.

MDES Response to Single Audit Findings  
October 21, 2022

**ALN Number: 17.225 – Unemployment Insurance**

**2021-015 - Strengthen Controls to Ensure Compliance with Eligibility Requirements for Unemployment Insurance.**

**MDES Response:**

Other than to acknowledge that a number of overpayments and improper payments occurred, MDES respectfully disagrees with Finding 2021-015. MDES properly complied with emergency measures enacted by both the federal government and the State of Mississippi in response to the Covid-19 pandemic. In order to explain the actions of MDES during this unprecedented pandemic, it is necessary to place the actions described in the audit finding in context, so that proper perspective, understanding, and appreciation can be ascertained.

On March 13, 2020, President Trump declared the Covid-19 pandemic a national emergency. On March 14, 2020, Governor Tate Reeves issued a Proclamation declaring a State of Emergency in the State of Mississippi. Because the Covid-19 pandemic was declared a national emergency both at the federal and state level, any resulting State or Federal Executive Order, or federal or state legislation, became law, and thus controlled the procedures of MDES. This new “emergency law” supplanted existing current state and federal law in many areas including certain state unemployment insurance statutes. Thus, normal agency measures, controls, practices, and other criteria, as referenced in Finding 2021-015, conflicted with duly enacted Executive Orders and certain legislation, and therefore had to be adjusted. This need to adjust procedures clearly distinguishes FY 2021 from any other non-pandemic year and explains and supports the fact that MDES did not “waive” state law; rather, it followed all emergency law measures, which included the temporary suspension of certain eligibility requirements to expeditiously deliver much-needed relief to hundreds of thousands of Mississippians.

**I. Suspension Of Eligibility Measures**

To adequately explain MDES’s decision to temporarily suspend certain unemployment insurance eligibility measures, and to modify other unemployment insurance statutes such as the weekly earnings allowance, it is necessary to review pertinent federal pandemic relief legislation enacted during the early stages of the pandemic. On March 18, 2020, President Trump signed the Families First Coronavirus Response Act (FFCRA), specifically Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA). Per the United States Department of Labor's (DOL) guidance, “the EUISAA sets out requirements for emergency administrative grants to states, and authorizes emergency flexibility allowing states to temporarily modify certain aspects of their unemployment compensation (UC) laws.”

In order to receive the emergency administrative grants under Section 903(h)(3)(B), SSA, (42 U.S.C. § 1103(h)(3)(B)) pursuant to EUISAA, each state must show the “steps it has taken, ... , to ease eligibility requirements and access to UC, including: modifying or suspending work search requirements and the waiting week.” In order to receive emergency administrative grants, states were required to, at a minimum, modify or suspend the waiting week, modify, or suspend the work search requirement, and non-charge employers for individuals or employers directly impacted by COVID-19. However, UIPL 13-20 and its subsequent changes (UIPL 13-20 change 1, UIPL 13-20 change 2, and UIPL 13-20 change 3) encouraged states to more broadly apply these modifications or suspensions, even to the fullest extent allowed under federal law.

In compliance with this statutory requirement, Mississippi then executed a series of Executive Orders which specifically addressed the directive to temporarily suspend the work search requirement and the one-week waiting period, as well as provide flexibility in the interpretation of the able and available requirement.

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Executive Orders also included a provision that temporarily increased the weekly earnings allowance, encouraging employees, gig workers, and the self-employed to continue working even if their hours were reduced or business was diminished. This modification proved highly successful, especially in the food industry. Another provision, although flagged by Finding 2021-015, was also authorized by Executive Order, and allowed MDES to determine UI eligibility based on job separation from the most recent employer, rather than from all previous employers in the employee's base period, as is the normal procedure. This measure expedited UI services to thousands of claimants filing for benefits en masse at a most critical time.

The measures taken by MDES during the most severe part of the pandemic were necessary, proper under the circumstances, narrowly targeted in scope and time, and authorized by federal and state law. After these Executive Orders expired, MDES returned to its normal pre-COVID procedures. However, finding 2021-015 indicates that MDES simply 'opted to override existing controls' without support in state or federal law. Further, the report implies that the actions of MDES were the sole cause of the significant increase in claims and subsequent overpayments.

As explained herein, the requirements of the new federal unemployment provisions coupled with the unprecedented mass unemployment crisis, dictated the actions taken by MDES during the FY 2021 audit period. When the entire state shut down, except for essential services, for several weeks, claims naturally increased. Therefore, statistically speaking, it follows that the number of overpayments increased because of the increase in unemployment claims filed.

## **II. Verification And Overpayments Discussion**

The audit finding states that the waived and altered controls led to an increase in claims and prevented MDES from vetting those claims for fraud. This finding further remarks that the resulting overpayment total was comprised of different categories, specifically: payments to individuals who never lost their job or had a reduction in wages, fraudulent payments, payments to incarcerated individuals, and international unemployment fraud.

The increased overpayments of benefits showing in this finding are a result of new fraud detection tools, the reestablishment of prior controls, and system stabilization allowing MDES to better detect fraud.

See below description:

- By May of 2020 the Social Security verification issue and the Department of Public Safety verifications that had been overwhelmed by unprecedented numbers of hits from multiple states were again functional.
- In June of 2020, MDES had begun aggressively investigating potentially fraudulent claims. At this time, MDES established a dedicated team of individuals for this purpose. This team utilized various reports that identified suspicious characteristics in unemployment claims.
- Also in June of 2020, MDES implemented the RESTART MS system. This program allowed employers to electronically report fraud claims for individuals who never lost their job or had a reduction in wages, individuals who refused work, and individuals who did not respond to call-backs to work.
- In October of 2020, MDES reinstated the Federal and State Incarceration cross-matches.
- In March of 2021, MDES began utilizing ID.me, a leading identity verification vendor, to verify claimant identity prior to the payment of benefits. Over the course of several months, the system was implemented in phases to address suspicious claims, out-of-state claims, and then all new claims.

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Existing suspicious and out-of-state claims were identified, and payments were held until the ID verification process was successfully completed.

Another category mentioned in the finding was payments made to individuals who never lost or had a reduction in wages. It is important to clarify that under the then-current Mississippi Employment Security Law, this type of payment was not defined as an overpayment. State law did not require claimants to report voluntary payments made by their employer when no work was performed. Legislation that went into effect July 1, 2021, directly addresses this issue. The revised statute denies payment of unemployment insurance benefits to claimants who receive voluntary payments, up to the full amount of their wages, from their employers for the same period covered by their unemployment insurance benefits.

### **III. Conclusion**

During the pandemic, difficult issues arose that required prompt and decisive action. In normal times, if MDES had received an audit finding such as 2021-015, it would have acknowledged the finding and made the recommended changes. However, MDES respectfully disagrees because the finding does not acknowledge the extraordinary and unprecedented magnitude of the pandemic, the new and complicated federal programs, and federal and state emergency law changes. MDES went to great lengths to follow the new rules and procedures that were put in place by Federal and State emergency declarations. Moreover, MDES will pursue all measures available to recoup all overpayments and improper payments incurred during the pandemic.

MDES recognizes the recommendation that we strengthen controls to ensure compliance with eligibility requirements. However, should the same circumstances occur in the future, MDES will again follow state and federal law to the best of our ability.

**Corrective Action Plan:** A corrective action plan is not needed in this case at this time as all procedures and controls have been reinstated. In addition, we have already implemented new and improved procedures and controls to detect and prevent improper and fraudulent payments.

#### **ALN Number: 17.225 – Unemployment Insurance**

#### **2021-022 - Strengthen Controls to Ensure Compliance with Matching Requirements for Unemployment Insurance.**

#### **MDES Response:**

During the pandemic, MDES was required to make swift programmatic adjustments to long standing programs such as the extended benefits (EB) program in order to implement new federal legislation. One such adjustment was to the percentage sharing component of the EB program. Typically, this program allows for federal matching of 50% of the cost for EB payments to claimants; however, under the CARES Act, this matching percentage was adjusted to 100% of the cost for EB payments to claimants.

It is also important to understand Mississippi's history with the EB program. Mississippi has historically had a very stable labor market and as such has not triggered on for EB in many years. Because EB is so rarely utilized in Mississippi, it had not yet been programmed into our modernized system. Therefore, in order to implement this program in our system, MDES needed to build this program while continuing to make all of the other programmatic changes that were necessary to implement the CARES Act and get funds to the thousands of Mississippians who needed our assistance. As such, when implementing this program, Mississippi inadvertently programmed all EB claims as 100% federally matched.

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**Corrective Action Plan:**

MDES will continue reviewing, assessing and taking measures to strengthen controls and procedures to ensure compliance with federal matching requirements for unemployment insurance by making adjustments to the MDES unemployment system that will ensure that reimbursable state and local governmental entities along with reimbursable federally recognized Indian Tribes are not included in the calculation for federal sharing of Extended Benefits.

**ALN Number: 21.019**

**2021-045 - Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.**

**MDES Response:**

Risk Assessments: MDES respectfully disagrees with this finding. We contend that the Workforce Innovation and Opportunity Act (WIOA), the Federal law (not state law) that governs the creation and certification of the Local Workforce Development Areas (“LWDAs”), provides the framework by which we continually assess the risk level of the LWDAs. WIOA law also requires that LWDAs be un-certified and lose the ability to be an LWDA and receive funding if they do not meet fiscal integrity or programmatic performance requirements as determined through annual monitoring.

However, to more fully comply with 2 CFR 200.332(b), MDES has already adopted use of the Pre-Award Risk Assessment Tool from the US Department of Labor’s (DOL) Core Monitoring Guide. We implemented use of the tool for all subgrants in Program Year 2022. This Risk Assessment Tool will also be required of the LWDAs for pass-through funding.

Required Grant Elements: We respectfully disagree with this part of the finding. It is our standard practice to award funds through one of two primary award documents. For pass-through funding to the LWDAs required by WIOA law, we use a Notice of Funds Availability (NFA) that has been incorporated into our GranTrak online grant tracking system. This document incorporates 2 CFR 200.332(a) required element numbers 1, 3, 4, 5, 7, 8, 9, 11b, and 11c.

Since the LWDAs were the recipients of CARES Act funds as designated by the Mississippi Legislature, we used GranTrak as the allocation and fund tracking mechanism since the LWDAs were familiar with this system and process. We provided the funds to the LWDAs through an NFA and tracked all expenditures and cash drawdowns through GranTrak. At the time of award, we had not yet been provided with either a FAIN or Federal Award Date for these funds, so those fields are not shown on the CARES Act NFA; however, the NFA did incorporate 2 CFR 200.332(a) required element numbers 1, 5, 7, 8, 9, 11b, and 11c.

However, during the audit, MDES did not provide the CARES Act NFA to the auditors through an oversight.

In order to better conform to the requirements of CFR 200.332(a) as noted in the finding, MDES will work with our contractor to update the NFA to incorporate the required elements. Until these programming changes are completed, MDES will upload a document with 2 CFR 200.332(a) compliant data into the Attached Documents section of NFAs in GranTrak. This will provide the data to the LWDAs for review or download.

Monitoring of Allowable Cost Spending: This Condition is discussed at length in the response to Finding Number 1, 2021-043 - Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.

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**ALN Number: 17.225 – Unemployment Insurance**

**2021-023 - Strengthen Controls to Ensure Compliance with Period of Performance Requirements for Unemployment Insurance.**

**MDES Response:**

During the Pandemic, multiple federal programs and state executive orders were implemented utilizing a number of different requirements for implementation dates. To complicate matters, there was ongoing guidance that clarified and changed wording that provided the dates for the periods of performance for the multitude of programs that MDES was implementing. The continued changes, updates, and clarifications resulted in some issues with periods of performance. MDES has made every effort to correct the issues with these dates.

Additionally, these new federal programs were largely designed to be implemented inside of an existing framework that was then altered to meet the requirements set down under this legislation. In doing so, some items such as labeling changes from a prior federal program to the new federal program. When payments were made under the previous federal program, our system continued to utilize the most recent labeling.

MDES recognizes the need to ensure that periods of performance are properly implemented. As such, we will continue to monitor all changes and clarifications to federal programs for accuracy in the periods of performance.

**ALN Number: 17.225 – Unemployment Insurance**

**2021-024 - Strengthen Controls to Ensure Compliance with Special Tests – Benefit Payments Requirements for Unemployment Insurance.**

**MDES Response:**

During the pandemic, MDES was inundated with claims and their corresponding workload. As such, it was necessary and prudent for us to utilize well-trained and seasoned staff in various capacities in order to better serve the citizens of Mississippi that were in need of our services. During this time, all states were given the opportunity to suspend Benefit Accuracy Measurement (hereafter BAM) functions so that those staff could assist their agencies where needed. Mississippi availed itself of this opportunity. As the pandemic continued to create high claim volume, these staff were needed to assist for an extended period of time. MDES acknowledges that while staff were utilized for other needed functions, the timeliness of BAM processing may have suffered. It should be noted that while BAM processing may have been delayed, these processes were completed, and by utilizing the trained and seasoned staff as we did, MDES was able to better serve the claimant population.

**ALN Number: 17.225 – Unemployment Insurance**

**2021-025 - Strengthen Controls to Ensure Compliance with Special Tests – Program Integrity - Overpayment for Unemployment Insurance.**

**MDES Response:**

The federal pandemic programs that were instituted by MDES during this time were broad, complex, and overlapping. In order to institute these programs timely, MDES worked tirelessly to ensure that we followed federal guidelines and UIPLs to the best of our ability while meeting the needs of Mississippians in a timely manner. These guidelines and UIPLs had many iterations and changes. They also reference prior UIPLs and guidelines that create a level of complexity in a time when swift and decisive decisions were necessary to

MDES Response to Single Audit Findings  
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provide the needed assistance to claimants. MDES continues to review programs to determine proper and timely payments and offsets for certain programs, and will make adjustments and necessary programmatic changes to ensure proper payments and offsets are made in accordance with federal and state guidelines.

**Corrective Action Plan:**

MDES will strengthen controls to ensure compliance by testing program integrity, internal reviews, and implementing preventative fraud detection measures. This will be accomplished by monitoring the implementation and changes to federal programs including their respective recovery provisions.

**ALN Number:17.225- Unemployment Insurance**

**2021-026 - Strengthen Controls to Ensure Compliance with Reporting Requirements for Unemployment Insurance**

**Audit Finding:**

**No evidence of written supervisory approval was provided for the reports.**

**MDES Response:**

During the height of the emergency created by the pandemic in 2020 and 2021, MDES relied upon the procedures encoded in ReEmployMS to handle non-emergency tasks. After the relative subsidence of the Covid-19 crisis and review of our activities, MDES better appreciates the value of ensuring that appropriate staff review reports, and of obtaining appropriate documentation of each examination by report. MDES is accustomed to adhering to internal and interdepartmental reviews, validations and approvals. Due to the vast amount of work, some previously established approval protocols were not promptly and consistently followed. MDES will continue to review and evaluate its internal protocols and strengthen internal controls to ensure the review of all reports and documentation of such activities in the future.

**Audit Finding:**

**Supporting documents could not be provided for the adjustment amounts on the penalties and interest (Item 4)**

**MDES Response:**

MDES has requested special reports and queries providing this information. When these reports become available, MDES will share these results with you.

**Audit Finding:**

**During review of eight monthly ETA 2112 reports the following issues were noted:**

- **For one report, month ending June 2021, PUA disbursements (Line 42C) was understated by \$12,228,111.86.**
- **Four reports for the months ending August 2020, and March, May and June 2021, FUA transfers were not reported on line 15 as required.**

**MDES Response:**

An agency administrative error generated the understatement of PUA disbursements for the month ending June 2021. MDES has corrected this error.

With respect to the four instances involving the missed opportunities to reported FUA transfers on line 15, MDES misinterpreted the reporting instructions outlined in the Unemployment Insurance Program Letter (UIPL). MDES has taken corrective action by amending the affected reports. Furthermore, MDES will strengthen its controls over the ETA-2112 reporting process by completing a more thorough supervisory review

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accompanied by more detailed documentation.

**Audit Finding:**

**During review of monthly reports for ETA-9050, ETA-9052, and ETA-9055, there was no written supervisory approval for any of the reports reviewed. Below is a listing of the reports reviewed:**

- **ETA-9050 for months ending July and October 2020 and January and April 2021.**
- **ETA-9052 for months ending August and November 2020 and February and May 2021**
- **ETA-9055 for months ending September and December 2020 and March and June 2021.**

**MDES Response:**

During the height of the emergency created by the pandemic in 2020 and 2021, MDES relied upon the procedures encoded in ReEmployMS to handle non-emergency tasks. After the relative subsidence of the COVID-19 crisis and review of our activities, MDES better appreciates the value of ensuring the appropriate staff review reports and of obtaining appropriate documentation of each examination by report. Moreover, MDES has procedures in place to ensure the review of all reports and documentation of such activities currently, and in the future.

**Audit Finding:**

**For the ETA-9050 report MDES failed to verify the accuracy of the unemployment insurance data notated by the “Fail” provided by the Department of Labor during the data validation performed for the reporting period of July 1, 2020, to September 30, 2020.**

**MDES Response:**

MDES disputes that it failed to verify the accuracy of the data reported on the ETA 9050. The data validation (DV) population contains several reports that verify payment activities. During the process of validating the payment population, staff discovered differences between the validation counts and the reported counts. MDES continues to investigate the source of these differences in the counts.

**Audit Response:**

**During review of four monthly reports for ETA-9052, the report for month ending November 2020 was not submitted timely. The report was due on December 20, 2020, but it was not transmitted until February 9, 2021.**

**MDES Response:**

MDES timely uploaded this report to the DOL reporting portal. However, because of apparent technical issues, the report did not upload properly. MDES did not receive an error message of this issue. Upon notice from a DOL supervisor that the report remained in “pending” status, MDES re-submitted the report successfully.

**ALN Number: 17.225 – Unemployment Insurance**

**2021-027 - Strengthen Controls to Ensure Compliance with Special Tests – Employer Experience Rating Requirements for Unemployment Insurance.**

**MDES Response:**

During the pandemic, MDES was required to utilize long standing programs such as the DUA program in order to implement new federal legislation. Federal guidelines advised states to utilize the DUA program as the base to for implementation of the PUA program. In implementing the programing in such a way, certain built-in parameters were moved to the PUA program. This created certain instances where weeks were non-charged due to those parameters.

**Corrective Action Plan:** MDES will continue to strengthen controls to ensure compliance with special tests by reviewing employer experience rating requirements for the unemployment insurance program. This will be

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accomplished by monitoring modifications to employer non-charging.

**ALN Number 97.050- Lost Wages Assistance**

**2021-028 - Strengthen Controls to Ensure Compliance with Reporting Requirements for Lost Wages Assistance**

**MDES Response:**

MDES acknowledges that there were delayed and isolated incidents when the Lost Wages Assistance reports were not submitted timely, however, MDES has corrected this issue, and all Lost Wage Assistance reports will be submitted timely in the future.

**ALN Number 17.225- Unemployment Insurance and 97.050- Lost Wages Assistance**

**2021-029 - Strengthen Controls to Ensure Proper Review over the Schedule of Expenditures**

**MDES Response:**

MDES concurs with this finding.

**Corrective Action Plan:**

MDES will ensure a more thorough review of the ALN is completed for future grant schedule preparation.

Sincerely,

**MISSISSIPPI DEPARTMENT OF EMPLOYMENT SECURITY**

DocuSigned by:  
*Robin Stewart, Deputy Executive Director*  
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Robin Stewart  
Interim Executive Director

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

**Auditor’s note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management**

**Department of Employment Security – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-043      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed for Coronavirus Relief Funds**

Much of MDES’ argument that the questioned costs should be removed relies on Mississippi State Law and disregards the requirements of the **federal** CRF grant. MDES asserts in their response that, because the MS Legislature appropriated money to specific types of workforce development, that those expenditure automatically became eligible for CRF funding. While the MS Legislature has the authority to appropriate CRF money to certain types of workforce development, those items still must have met the three allowable cost requirements of the CRF funds. State law authorizing equipment purchases cannot overrule the federal program guidelines. MDES failed to document or perform adequate due diligence to ensure that the fixed asset purchases made by their subrecipients met the grant requirements. These expenditures were not properly justified with any cost comparison to ensure that the purchase was the most cost-effective solution. Additionally, MDES could not provide any compelling evidence that these expenditures were necessary due to the pandemic.

As stated in the finding, MDES could not provide documentation that the “student vouchers” paid for with CRF monies were necessary due to the pandemic. MDES could not provide compelling evidence that these students were new students, that they completed the courses, that the courses were able to benefit the students in the workforce, or that they were even necessary due to the pandemic.

MDES’ assertion that extensive documentation has been provided to OSA to validate these purchases is erroneous. MDES provided documentation to OSA, but that documentation did not support that the charges were necessary or justified. The justifications for necessity in some instances was nonsensical, and did not support that the purchases were necessary due to the pandemic. In the example noted by MDES in their response, two lathes costing a total of \$313,800 were purchased to assist with displaced internships. Those two lathes served 22 students, for a per student price of \$14,263. By fall of 2021, the internships had resumed – meaning that the lathes were used for one semester. The college in question provided no evidence that any other method of fulfilling the internships was considered, and no other options for a more cost-effective solution rather than buying over \$300,000 in fixed assets was contemplated. In a second example given by MDES, the college purchased drones to assist in training drone pilots. MDES response notes that drones are an emerging technology and that additional drone pilots will be needed by 2025;

however, MDES does not provide any compelling justification as to why these drones and trained drone pilots were necessary due to the pandemic.

## **Department of Employment Security – Eligibility - *Material Weakness/Material Noncompliance***

### **2021-015      Strengthen Controls to Ensure Compliance with Eligibility Requirements for Unemployment Insurance**

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

- 1) Social Security Administration Cross Match
- 2) Systematic Alien Verification for Entitlement
- 3) Incarceration cross matches
- 4) Internet Protocol Address checks
- 5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

- 1) Interstate Suspicious Actor Repository to match claims across states
- 2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
- 3) Data Analytic tools
- 4) Fraud Alert Systems
- 5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

## **Department of Employment Security – Subrecipient Monitoring - *Material Weakness/Material Noncompliance***

### **2021-045      Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements**

When documentation of pre-award risk assessments was requested during the audit process, MDES did not provide any auditable documentation to the auditors. While MDES stated that they relied upon the same pre-award risk assessment for the CRF grants as the Workforce Innovation and Opportunity Act (WIOA) grants, none of the WIOA pre-award risk assessments were provided. Personnel at MDES stated, when this documentation was requested, that “there was no risk assessment of the four local areas performed prior to the awarding of the CRF funds... We work closely with the local areas on a daily basis, perform yearly subrecipient monitoring, and regularly conduct technical assistance all of which are closely monitored by MDES management for any indication that we should reassess the locals as anything but low risk. We understand that this is not documented and therefore does not meet the risk assessment requirement but wanted to give the context of our actions.”

MDES appears to concur that they did not provide documented evidence to auditors that all required grant elements were presented to grantees. It should be noted that this evidence has still not been provided to auditors as of the date of this report.

Lastly, the questioned costs as outlined in finding 2021-043 verify that MDES did not have proper monitoring procedures in place to monitor subrecipients of the CRF grant program. MDES disagrees that these costs should be questioned (as noted in their response to finding 2021-043); therefore, they do not concur that their monitoring procedures and controls failed. OSA has explained, in detail, both in finding 2021-043 and in the rebuttal to MDES’ response above why the auditor questioned these expenses. Please refer to finding 2021-043 for further information.

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**STATE OF MISSISSIPPI**  
GOVERNOR TATE REEVES

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

LIZ WELCH  
EXECUTIVE DIRECTOR

**FINANCIAL AUDIT FINDINGS**

Shad White  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

May 24, 2022

Dear Mr. White,

In reference to your letter dated April 4, 2022, we submit the following responses and corrective action plans to the financial audit findings for the Department of Finance and Administration (DFA) for the fiscal year ended June 30, 2021.

**AUDIT FINDINGS:**

**MATERIAL WEAKNESSES**

**Finding Number**

**2021-002**

**Finding Description**

**Strengthen controls over change logs in SPAHRS.**

**Response:**

We acknowledge the finding.

Turning on the Natural Security logs would require a major upgrade to SPAHRS and would introduce functionality that has never been utilized. This would be a major change with high risks to consider. DFA/MMRS is in the process of planning the HR/Payroll implementation of MAGIC and does not want to take on the risk of doing a major change to SPAHRS at this time.

DFA/MMRS is in process of upgrading the Adabas version to 8.5. This project, with assistance from ITS (MS Information Technology Services), will allow for Natural Security logging of the administrative application by authorized users from the TSO nucleus. Our planned logging implementation will incorporate a review of the logs

with signoff. This logging does not include processes ran in batch. DFA/MMRS is currently in the first Phase of implementation of the HR/Payroll MAGIC Project. This project implementation will move us off SPAHRS/Legacy systems.

**Corrective Action:**

- A. DFA is working on the MAGIC Phase II implementation.
- B. Michael Gonzalez is the contact person for this corrective action.
- C. The anticipated completion date of Phase II is June 1, 2023.
- D. N/A

**2021-003**

CFO qualifications and attend mandatory training

**Response:**

We acknowledge the finding.

The Department of Finance and Administration (DFA) is the primary agency responsible for state government financial and administrative operations, and we fully accept and embrace the magnitude of that responsibility. However, while DFA is the executive branch control agency over governmental accounting and financial reporting, and in particular, the completion of the annual comprehensive financial report, we rely heavily on the cooperation and input of every other state agency to successfully accomplish that task.

We acknowledge that Section 7-7-3 of Miss. Code Ann. (1972) requires DFA to conduct training seminars on a regular basis to ensure that agencies have access to persons proficient in the correct use of the state accounting system. Before implementation of the new statewide system and since that time, we have provided class training, one-on-one personalized training and detailed assistance via the call center to agency personnel to help them understand the processes required for daily workflow. We have training material, work instructions and job aids available on the internet that are easily accessible. While

we have clearly stated that these training sessions are necessary, we continue to have agencies that do not attend.

The finding specifically calls into question the lack of qualifications and skill requirements of agency accounting personnel, and specifically mentions the lack of qualified personnel serving as Chief Fiscal Officers. While we have the responsibility to provide systems to facilitate the financial reporting and operations of the state and to provide training to employees that use these systems, we do not have the oversight of the hiring or selection of agency employees. Hiring of qualified employees is the responsibility of each state agency head.

**Corrective Action:**

A. The audit finding recommendation is for DFA to implement mandatory training sessions for accounting personnel and chief fiscal officers.

DFA will continue to provide training opportunities for accounting personnel and chief fiscal officers, and will pursue and provide additional training as funding allows. DFA will also consider requiring attendance, however enforcement of that will be difficult.

B. Reginald Welch is the contact person for this corrective action.

C. The corrective action will be implemented during fiscal year 2022.

D. N/A

Sincerely,

A handwritten signature in blue ink that reads "Liz Welch". The signature is written in a cursive, flowing style.

Liz Welch  
Executive Director

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**STATE OF MISSISSIPPI**  
GOVERNOR TATE REEVES

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

LIZ WELCH  
EXECUTIVE DIRECTOR

November 10, 2022

**SINGLE AUDIT FINDINGS**

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

Dear Mr. White:

The Mississippi Department of Finance and Administration (DFA) respectfully submits its response to the Office of the State Auditor's single audit findings for Fiscal Year 2021. On the following pages, DFA has provided its corrective action plan for each finding by (a) describing specific steps to be taken to correct the situation; (b) providing the name of the contact person responsible for the corrective action; (c) providing the anticipated completion date for the corrective action; and (d) stating whether we concur with the finding.

**AUDIT FINDINGS:**

21.023 Emergency Rental Assistance

Reporting

2021-030 Strengthen Controls to Ensure Proper Review over the Schedule of Expenditures of Federal Awards

Response:

The Department of Finance and Administration will implement controls to ensure that the proper ALN is assigned to the grant schedule and the agency will properly review and reconcile the schedule of expenditures of federal award for reporting. DFA concurs with this finding and recommendation.

Corrective Action Plan:

- A. Expenditure reports and grant schedules will be prepared by staff in Department of Finance and Administration (DFA) – Office of Budget and Accounting and the reports and schedules will be reviewed for completeness and accuracy by Deputy Executive Director for DFA. Any discrepancies in the review will be discussed and corrected for submission.
- B. The contact person responsible for this corrective action is Reginald Welch, Deputy Executive Director with the Department of Finance and Administration.
- C. This corrective action will be completed by December 31, 2022.
- D. N/A

21.023 Emergency Rental Assistance

Reporting

2021-031 Strengthen Controls to Ensure Compliance with Reporting Requirements for Emergency Rental Assistance.

Response:

Mississippi Home Corporation will implement controls to ensure adequate segregation of duties for reporting. DFA concurs with this finding and recommendation.

Corrective Action Plan:

- A. Reports will be prepared by MHC's Authorized Representative listed in the Treasury portal; a separate review of the prepared report will be conducted by the Quality Control Specialist; any discrepancies between the two reviews will be discussed and corrected; final approval/submission will be conducted by MHC's Authorized Representative.
- B. The contact person responsible for this corrective action is Lisa Coleman, SVP of Federal Grants with the Mississippi Home Corporation.
- C. This corrective action will be completed by December 31, 2022.
- D. N/A

21.023 Emergency Rental Assistance

Monitoring

2021-032 Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

Response:

DFA does not concur with the finding because DFA was simply a pass-through agency of the funds and was required to draw down the funds in light of an impending federal deadline. It is not possible for DFA to conduct monitoring as it has not been appropriated any funds nor does it have the personnel or other resources to do so.

Corrective Action Plan:

- A. Mississippi Home Corporation should hire a 3<sup>rd</sup> party monitor.
- B. Mississippi Home Corporation Director Scott Spivey
- C. N/A
- D. N/A

A handwritten signature in blue ink, appearing to read "Liz Welch". The signature is fluid and cursive, with a long horizontal stroke at the end.

Liz Welch  
Executive Director

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MISSISSIPPI STATE DEPARTMENT OF HEALTH

SINGLE AUDIT FINDINGS

October 27, 2022

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

Dear Mr. White:

We have reviewed the audit finding below in reference to the Mississippi State Department of Health 2021 fiscal year audit. Listed below is our individual response and plan for corrective action:

Audit Finding:

**CFDA Number:** 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

**Requirement:** Reporting

**2021-033** The Mississippi State Department of Health Should Strengthen Controls to Ensure Compliance with Reporting Requirements

**Response:** The agency concurs with the finding.

**Corrective Action:** The program area this grant falls under will identify staff responsible for submitting the Federal Funding Accountability and Transparency Act (FFATA) reports. In addition, they will develop internal policies and procedures for the FFATA process.

Name of contact person responsible for corrective action: Melody Winston

Anticipated completion date of corrective action: December 2022

Should you have any questions regarding our response or corrective action plan, please feel free to contact Sharon Dowdy, 601-576-7359.

Sincerely,

DocuSigned by:  
*Daniel Edney, MD*  
C1E0259FEE6A424...  
Daniel Edney, MD, FACP, FASAM  
State Health Officer

570 East Woodrow Wilson • Post Office Box 1700 • Jackson, MS 39215-1700  
601-576-8090 • 1-866-HLTHY4U • www.HealthyMS.com

*Equal Opportunity in Employment/Services*

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## FINANCIAL AUDIT FINDINGS

Hon. Shad White, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

March 4, 2022

Dear Mr. White:

Enclosed for your review is the agency's official response to the financial audit findings as defined in the Mississippi Department of Human Services (MDHS) Fiscal Year 2021 Financial Audit Management Report, along with the corrective action plan that is to be implemented.

FINANCIAL AUDIT FINDING:

**2021-001**                      **Strengthen Controls to Ensure Proper Review Processes for Financial Reporting.**

MDHS Response:        MDHS agrees that controls should be strengthened to ensure proper review processes for financial reporting.

Corrective Action Plan:

MDHS acknowledges weaknesses in some of its controls regarding the review and submission of its GAAP packet. MDHS will develop and implement written policy and procedure over the review and approval of the Federal Subgrant Activity Schedule. MDHS will work to increase the communication within Budgets and Accounting, implement further levels of review, and reach out to our cognizant agency for Subgrant Federal Activity Schedule training for staff.

In the instances in which amounts were recorded and coded to the incorrect CFDA number, the instances in which amounts recorded as "amounts passed to sub-grantees" did not agree to amounts recorded as "amounts passed to subrecipients" and the instances in which the amounts recorded as "Paid to Sub-grantee" did not agree to amounts reported on the KOB1 report, MDHS recognizes the errors. MDHS will put in place the necessary internal procedures to ensure that accurate information is included in future reports.

Additionally, as it relates to supporting documentation not agreeing with the Federal Subgrant Activity Schedule, MDHS agrees that the documentation submitted was insufficient. MDHS will put in place the necessary internal procedures to ensure that accurate supporting documentation is included in future reports.

MDHS is committed to fostering a better communication within the divisions to ensure that accurate information is provided. MDHS will actively seek training to be able to accurately report and review financial information. MDHS will implement an additional level of review prior to the submission of the Federal Subgrant Activity Schedule. Further, MDHS will be updating the SOPs to reflect the additional internal controls.

Wayne Carpenter, Deputy Executive Director of Finance is the responsible party for implementing the Corrective Action Plan. The anticipated completion date is July 1, 2022.

We appreciate the courtesy and professionalism demonstrated by your field audit staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Sandra Griffith, Inspector General at 601-968-8369.

Respectfully,



Robert G. Anderson  
Executive Director

pc: Kameron Harris, Chief Compliance Officer  
Wayne Carpenter, Deputy Executive Director of Finance  
Patrick Black, General Counsel  
Sandra Griffith, Inspector General

**SINGLE AUDIT FINDINGS**

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

September 20, 2022

Dear Auditor White:

Enclosed for your review is the agency's official response and corrective action plan to the single audit findings and other findings as outlined in the Mississippi Department of Human Services (MDHS) Fiscal Year 2021 Single Audit Management Report. In submitting this report, I would note that the Senior Leadership Team in place at this time is entirely different from the team who was on board when I became Executive Director in March 2020.

**SINGLE AUDIT FINDINGS:**

**2021-010**                    The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with the Federal Funding and Accountability and Transparency Act (FFATA) Reporting Requirements.

Response:                    MDHS concurs that controls should be strengthened over FFATA reporting requirements.

**Corrective Action Plan:**

1. Strengthen controls to ensure compliance with FFATA reporting requirements.
  - A. MDHS is working to issue a Standard Operating Procedure that establishes responsibility and provides guidance for Federal Funding and Accountability and Transparency Act (FFATA) reporting requirements. MDHS will also implement a process to ensure that FFATA reporting is being done and verified on a periodic basis.
  - B. Responsible Parties: Wayne Carpenter, Deputy of Finance and Samuel Cole, Director of Procurement Services
  - C. Anticipated Completion Date: The anticipated completion date is October 31, 2022.

**2021-011**                    The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Reporting Requirements for Pandemic EBT Food Benefits.

Response: MDHS concurs that controls should be strengthened to ensure compliance with reporting requirements for Pandemic EBT Food Benefits.

Corrective Action Plan:

1. Strengthen controls to ensure compliance with reporting requirements for pandemic EBT food benefits.
  - A. CFDA numbers were combined on the Federal Grant Activity Schedule; however, this did not occur in any other federal reporting of PEBT Benefits. MDHS will ensure staff continue to follow the proper processes required for federal reporting.
  - B. Responsible Parties: Debra Dixon, Chief Financial Officer, and Wayne Carpenter, Deputy Executive Director of Finance
  - C. Anticipated Completion Date: This corrective action has been implemented.

**2021-012** The Mississippi Department of Human Services Should Strengthen Controls Over the Compilation and Submission of Required Federal Reports for the Social Services Block Grant (SSBG) Program.

Response: MDHS concurs that controls should be strengthened over the review and approval of the Social Services Block Grant Post Expenditure Report and that the records of participants for each category of service should be adequately maintained for auditing purposes.

Corrective Action Plan:

1. Strengthen controls over the compilation and submission of federal reports:
  - A. MDHS has been reviewing its Standard Operating Procedures (SOPs) and working to ensure that internal processes and procedures are documented and up-to-date to promote consistency with documentation and reporting required to ensure programmatic and fiscal compliance. A written SOP specifically for SSBG federal reporting will be provided to all participating divisions that details both the proper source(s) of required data and proper process for calculation of the data to be reported. The location for maintaining all supporting documentation from the report for future audits will also be addressed.
  - B. Responsible Parties: Debra Dixon, Chief Financial Officer, and Rachelle S. Richardson, Deputy Executive Director of Age-Related Programs
  - C. Anticipated Completion Date: SOP(s) finalized by September 30, 2022

**2021-013** The Mississippi Department of Human Services Should Strengthen Controls over Onsite Monitoring for the Supplemental Nutrition Assistance Program (SNAP).

Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.

Response: MDHS Concur that controls should be strengthened over On-Site monitoring for SNAP, TANF, CCDF, LIHEAP and SSBG Programs.

MDHS also concurs with the following specific recommendations of the OSA and incorporates those recommendations as the foundation for the MDHS Corrective Action Plan (CAP) related to this finding. Many internal controls at MDHS have been reevaluated and strengthened since new leadership arrived in March 2020 and MDHS continues to review recommendations and avenues to further strengthen internal controls.

Corrective Action Plan:

1. Strengthen controls over the subrecipient monitoring process:
  - A. The Office of Compliance, Division of Monitoring continues to review and update the monitoring Standard Operating Procedures (SOPs) as necessary to ensure processes are adequate and effective. Staff are trained on updates and/or provided notification of new updates to the SOP to ensure continued compliance with monitoring the agency's subgrant agreements.
  - B. Responsible Party: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
  - C. Completion Date: This corrective action has been implemented and is an ongoing process as the trainings are reoccurring.
2. Ensure subgrants are monitored timely and the Report of Findings is issued in a timely manner:
  - A. The Office of Compliance, Division of Monitoring continues to improve upon the monitoring review process. The Division annually assesses SOPs to ensure the most effective procedures are in place to ensure the Agency's compliance with the monitoring process.
  - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
  - C. Anticipated Completion Date: This corrective action has been implemented.
3. Maintain all supporting monitoring tools, reports, and correspondence in the monitoring file:
  - A. The Division of Monitoring provides training to employees on the monitoring process upon hiring and annually to ensure employees are current on requirements regarding the monitoring process.
  - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
  - C. Anticipated Completion Date: This is an ongoing process as the trainings

- are reoccurring.
4. Monitor eligibility for all subrecipients and ensure subrecipients maintain adequate documentation that supports the eligibility determination of their clients.
    - A. Please refer to response in #3 of 2021-013.
    - B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
    - C. Anticipated Completion Date: This is an ongoing process as the trainings are reoccurring.

**2021-014**      The Mississippi Department of Human Services Should Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

Response:      MDHS concurs that it needs to strengthen controls over subrecipient monitoring to ensure compliance with Uniform Guidance Auditing requirements.

Corrective Action Plan:

- A. Please refer to MDHS response in 2021-013 for measures already taken and ongoing by MDHS and all future corrective actions.
- B. Responsible Parties: Kameron Harris, Chief Compliance Officer, Director of Monitoring, Laketha Gilmore
- C. Anticipated Completion Date: This corrective action has been implemented and is ongoing.

**OTH-2021-008**      The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Eligibility and Benefit Requirements of the Temporary Assistance for Needy Families Program.

Response:      MDHS concurs that it should strengthen controls to ensure compliance with eligibility and requirements for the Temporary Assistance for Needy Families Program (TANF).

Corrective Action Plan:

1. To strengthen controls and ensure compliance, effective November 01, 2022, MDHS will complete the following:
  - A. A statewide case review will be conducted quarterly on 10% of open TANF cases.
  - B. All MDHS-312, Personal Responsibility Contract, documents will be scanned to the case file at both application and redetermination.
  - C. All staff with TANF caseloads will be required to complete an annual refresher training.

2. Responsible Parties: Shenetta Drone, Deputy Executive Director for Economic Programs, Kristi Kinnel, Division Director of Economic Assistance Eligibility
3. Anticipated Completion Date: This is an ongoing process, beginning November 01, 2022.

**OTH-2021-007**      The Mississippi Department of Human Services Should Strengthen Controls Over Systems Edits for Child Care Payment System (CCPS).

Response:              MDHS concurs that controls should be strengthened over systems edits for the Child Care Payment System (CCPS).

Corrective Action Plan:

1. The Division of Early Childhood Care and Development (DECCD) requested an update to the online Child Care Payment Program (CCPP) subsidy application for the purposes of updating the business rules for the application to not allow an out-of-state applicant to apply for childcare subsidy in Mississippi. If an applicant enters an out-of-state address, the application is determined ineligible. Additionally, as a verification to ensure compliance with CCPP eligibility rules, DECCD eligibility staff will review each application and verify specifically to determine whether an applicant is or is not a Mississippi resident.
2. Responsible Parties: General Counsel, Patrick Black, Division Directors for DECCD, Vicki Lowery and Chad Allgood
3. Anticipated Completion Date: The updated business rule has previously been implemented effective August 22, 2022.

The Mississippi Department of Human Services would like to emphasize that new management and new processes are in place across the entire agency. MDHS appreciates the courtesy and professionalism demonstrated by your field staff throughout this audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Brett Robinson, Internal Audit Director, at 601-359-4697.

Sincerely,



Robert G. Anderson  
Executive Director

RGA

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## STATE OF MISSISSIPPI

Tate Reeves  
Governor

### MISSISSIPPI DEPARTMENT OF MARINE RESOURCES

Joe Spraggins, Executive Director

#### FINANCIAL AUDIT FINDINGS

February 25, 2022

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

Dr. Mr. White:

The Mississippi Department of Marine Resources has received the drafter audit report and drafted findings for the FY21 agency audit. Please find our response below to finding 2021-004 as well as our corrective action plan.

#### AUDIT FINDINGS:

##### **2021-004**      AUDIT ADJUSTMENTS

Response: The Department of Marine Resources recognizes revenue on a cash basis. All funds are recorded in full as they are received by the agency. With the GOMESA fund, we recognize that revenue, for GAAP purposes, should be deferred if not earned by fiscal year end. The Department of Marine Resources did defer the GOMESA revenue in the GAAP packet. However, as an oversight, we deferred the full amount of revenue without recognizing the \$6,051,392 in FY21 expenditures for the fiscal year as earned revenue. Therefore, revenue for FY21 was understated. Additionally, in the GAAP packet, the MDMR accrued an invoice that a goods receipt had already been processed for. The trial balance reflected both the goods receipt and the accrual, thus overstating expenditures by in the amount of \$496,616. Although these entries need to be made to correct this error and adjust the books, the Mississippi Department of Marine Resources does not feel these errors are a material weakness in our internal control.

Corrective Action Plan:

- A. To book expenditures incurred during the fiscal year as earned revenue via the GAAP packet. Before accruing expenditures, to thoroughly evaluate what has been posted and reflected in the trial balance to prevent double booking
- B. Contact: Brandi Busby, Director of Finance at 228-523-4099
- C. Anticipated completion date for corrective action is June 30, 2022.

Sincerely,



Joe Spraggins  
Executive Director  
Mississippi Department of Marine Resources



**STATE OF MISSISSIPPI**  
TATE REEVES, GOVERNOR  
**DEPARTMENT OF PUBLIC SAFETY**  
SEAN J. TINDELL, COMMISSIONER

March 10, 2022

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

Dear Mr. White:

This letter is in response to the audit for fiscal year 2021 prepared by CliftonLarsonAllen LLP.

**AUDIT FINDINGS:**

**2021-009** Material Weakness in Internal Control over Financial Reporting

Response: The Department of Public Safety acknowledges this finding.

**Corrective Action Plan:**

- A: DPS has recently created a Financial Reporting section within its Accounting Division. The agency will implement a written policy which requires the Financial Reporting section to review and reconcile due to and due from balances annually.
- B: Responsible for implementing the corrective action plan will be Alison Brown, Comptroller
- C: The anticipated completion date for this corrective action plan is July 1, 2022.

Respectfully,

Sean J. Tindell  
Commissioner

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**Brad White**  
Executive Director

P. O. Box 1850  
Jackson, MS 39215-1850  
Telephone (601) 359-7249  
FAX (601) 359-7050  
GoMDOT.com



**Brian D. Ratliff**  
Deputy Executive Director/Chief Engineer  
**Lisa M. Hancock**  
Deputy Executive Director/Administration  
**Charles R. Carr**  
Director, Office of Intermodal Planning

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## SINGLE AUDIT FINDINGS

October 21, 2022

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

Dear Mr. White:

We have received the Single Audit Management Report and the following details our response to the Audit Findings for fiscal year 2021:

### **AUDIT FINDINGS:**

#### **CFDA**

**Number** 20.205 – Highway Planning and Construction

#### **Compliance**

**Requirement** Subrecipient Monitoring

**2021-019** **Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements**

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

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

- A. To internal audit division has implemented procedures beginning fiscal year 2022 (FY 2020 audit reports) to perform follow up review, in addition to the single audit certification, to determine if a management letter should be issues for any reported findings that are related to the MDOT
- B. Emily Harrington, CPA – Director of Internal Audit
- C. June 8, 2022

## CFDA

**Number** 20.205 – Highway Planning and Construction

**Compliance Requirement** Special Test & Provisions – Wage Rate

**2021-020** Controls Should Be Strengthened to Ensure Compliance with Wage Rate Requirements

**Response:** MDOT does not concur with this finding.

While MDOT's Contract Administration Division (CAD) does not have control when the contractors or subcontractors submit their weekly statement(s), Contract Administration Division does have control over the issuance of warrants to contractors. Contract Administration Division has complied with its previous 2019 corrective action plan to ensure no estimate is processed for payment with delinquent payrolls outstanding. See the 2020 corrective action plan below.

### **Corrective Action Plan:**

- A. Contract Administration Division is preparing two (2) flyers outlining the requirements for timely payroll submissions to the department. One flyer will be sent to all Prime Contractors with their executed contracts, reminding them of their contractual requirements to timely submit payrolls each week (no later than seven (7) days from the end of each payroll period). It will also remind Prime Contractors that they are responsible for the timely submission of all payrolls from their subcontractors as well.

The second flyer will be sent to all Project Engineers with each project they are assigned. It will remind them of their responsibility to require the Prime Contractors to submit their weekly payrolls in a timely manner (no later than seven (7) days from the end of each payroll period) and to keep their project records up to date.

In addition, the CAD Contract Compliance Officer will include the following statement in correspondence with the Project Engineers and/or their payroll designees when contacting MDOT staff regarding payrolls.

*As required in Section 110 of the Standard Specifications and the FHWA-1273, Prime Contractors are required to submit their weekly payrolls to you weekly (no later than seven (7) days) from the end of each payroll period. The Prime Contractor is responsible for the timely submission of all payrolls by its subcontractors. If the Prime Contractor is not in compliance with these requirements, please notify them in writing that*

*they are out of compliance with the state specifications and federal regulations. Failure to comply with the requirements may result in suspension of work and/or withholding of payment until they are in compliance with the requirements.*

- B. All Project Engineers and/or their Payroll Designees  
Paul Campbell, Compliance Officer
- C. August 1, 2021
- D. Under current practices, in every instance, including the 40 that were denoted in the findings, there were no instances where employees were paid a wage less than the minimum required by Davis Bacon. Additionally, there were no instances of abuse of federal funds since Contract Administration Division does not pay a contractor if payrolls are delinquent per the definition in Section 110 of the Mississippi Standard Specification for Road & Bridge Construction.

#### **MDOT Standard Specifications, 2017 Edition**

*110.02.1--Statements and Payrolls. The Contractor and Subcontractors shall submit weekly copies of all payrolls to the Project Engineer and meet the requirements of U. S. Department of Transportation Form FHWA 1273, on projects constructed in whole or in part with Federal funds.*

*The Contractor shall make all efforts necessary to submit this information to the Project Engineer weekly. The Engineer will have the authority to suspend the work wholly or in part and to withhold payments if the Contractor fails to submit the required information. Submission of forms and payrolls shall be current through the first full week of the month for the estimate period in order for the Project Engineer to process an estimate.*

It should be noted that the Contract Administration Division does not have the authority to suspend the work of the Contractor or to withhold payments. Only the Project Engineer has this authority and they report to a District Engineer which Contract Administration Division has no authority over as well.

**CFDA**

**Number**      **20.205 – Highway Planning and Construction**

**Compliance**

**Requirement** **Special Test & Provisions – Quality Assurance Program**

**2021-021**      **Strengthened Controls to Ensure Compliance with Special Test Requirements Related to the Quality Assurance Program**

**Response:**      MDOT does not concur with this finding.

**Corrective Action Plan:**

- A. a. Report 1<sup>st</sup> bullet point: “Twenty (20) instances, out of 100 sampling records selected for testing, in which the selected sample was completed, reviewed, and authorized by the sample employee. We noted three (3) samples were coded incorrectly resulting in the IAS sample not appearing on the TMD-891 report. The TMD-891 report denotes all IAS samples taken for a project and states whether the sample was favorable or non-favorable when compared to the appropriate Job Acceptance Sample. We also noted one (1) sample was incorrectly labeled as an IAS sample.”

No corrective action is needed for the 20 out of 100 instances where the same employee completed and authorized a sample. According to Sections 10.2 through 10.14 of the Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of Treadway Commission (COSO), segregation of duties is a function of design control activities within an organization, and management is to consider segregation of duties to a practical extent. Additionally, if segregation of duties is not practical due to limited personnel or other factors, then management is to develop alternative control activities to reduce risk. There are some MDOT samples that have special circumstances in which it is not practical for a separate individual to authorize the sample in SiteManager. In these special circumstances, a single individual is entering data that represents a visual observation or data entry from a specialized test. Having a second individual authorize these samples brings no value with respect to internal controls because the second individual did not personally witness the observation or completion of the specialized test. As such, MDOT has alternative control activities in place to ensure proper material testing in these cases. The project engineer monitors material testing throughout the project and completes the TMD-725 report at the end of the project. Other project close-out procedures as described in Materials Division’s narrative are also in place to ensure proper material testing. In response to this finding, Materials Division staff will have a conversation with Mississippi FHWA Division office regarding their opinion of “proper segregation of duties” with respect to material sampling and testing.

IAS staff have been reminded of the importance of adhering to the standardized sample identification format for reports to accurately display all information. District Materials Engineers have been reminded to instruct their employees to pay close attention to the sample type selection when entering samples.

b. Report 2<sup>nd</sup> bullet point: “Two (2) instances, out of fifty (50) IAS sample records selected for testing, in which IAS personnel did not meet minimum sampling guidelines.”

MDOT is currently following a revised SOP TMD-06-02-00-000 that allows flexibility to increase or decrease IAS testing frequencies due to project specific conditions. IAS staff have been reminded to update their sampling checklists on a regular basis as Project Offices update installed quantities. MDOT is not planning any more Metric projects; therefore, unit conversions will not be an issue.

- B. Alan Kegley, P.E. Assistant State Materials Engineer - Field Operations
- C. Conversations with Mississippi FHWA Division office is expected to take place before the end of 2022. The corrective action to remind IAS staff to adhere to the standardized sample identification format and also to frequently update sampling checklists has been completed. Corrective action to remind District staff of the importance of properly selecting the sample type has been completed.
- D. Corrective action is not necessary for the 20 out of 100 instances where the same employee completed and authorized a sample in SiteManager. There are several specialized tests and observations where it is not practical for MDOT to have a separate individual authorize the sample in SiteManager. Other alternative control activities are in place to reduce risk.

Sincerely,



Brad White  
Executive Director

BW: trb

cc: Lisa Hancock, CPA - Deputy Executive Director/Administration  
Brian Ratliff, P.E. - Deputy Executive Director/Chief Engineer

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

**Auditor's note to the Corrective Action Plan from Mississippi Department of Transportation (MDOT) Management**

**Department of Transportation – Special Test & Provisions – Wage Rate - *Material Weakness/Material Noncompliance***

**2021-020      Strengthen Controls to Ensure Compliance with Wage Rate Requirements**

MDOT states that their Contract Administration Department (CAD) does not have control over when the contractors or subcontractors submit their weekly statements or when the warrants are issued to contractors. However, the Code of Federal regulations (as quoted in the finding) requires that MDOT retain control over those very things. Even though MDOT did not concur with the finding, they provided some type of corrective action to help mitigate the issue and OSA will verify that these actions were taken by MDOT in a future audit.

**Department of Transportation – Special Test & Provisions – Quality Assurance Program - *Significant Deficiency/Immaterial Noncompliance***

**2021-021      Strengthen Controls to Ensure Compliance with Special Test Requirements Related to the Quality Assurance Program**

Based on the Corrective Action Plan, MDOT provided pending corrective action for part of the finding and appeared to concur, even though they stated they did not concur with the finding. They did not provide pending corrective action for the portion of the finding for the 20 instances in which the sample was completed, reviewed, and authorized by the same employee.

MDOT states that the review and authorization of the sample items are not practicable to be segregated; however, MDOT provided no compensating controls to help ensure that sampling records are accurate, complete, authorized, or entered into the database correctly. It should be noted that MDOT personnel incorrectly coded sampling information four times out of 20. Some type of additional control procedure to ensure that the sampling information is correct could prevent further errors.

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**FINANCIAL AUDIT FINDINGS**

April 14, 2022

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

Dear Mr. White:

We have reviewed the single audit findings below in reference to our fiscal year 2021 audit. Listed below are our individual responses and plans for corrective action.

**AUDIT FINDINGS:**

2021-007 Strengthen Controls Over Financial Reporting and the Schedule of Expenditures of Federal Awards.

**Response:**

The Division of Medicaid (DOM) concurs with this finding. DOM understands the importance of maintaining accurate records for all grant awards and will strengthen controls over financial reporting and the preparation and review of the grant schedule, to include the preparation of DOM's portion the SEFA.

**Corrective Action Plan:**

- A. The agency plans to contract with an experienced GAAP contractor to train the Office of Federal Reporting and the Comptroller on the GAAP reporting process. This additional training, along with increased scrutiny within the department over financial reporting and the SEFA, will alleviate the reporting issues found in this audit. DOM is instituting a formal review and approval process to ensure the correct recording of all information (including dates) for all grant awards. The agency will ensure a reconciliation of the Schedule of Expenditures of Federal Awards to MAGIC

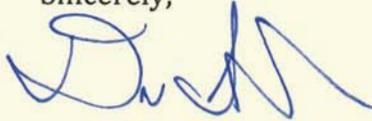
Office of the State Auditor  
April 14, 2022

is implemented by Federal Reporting and reviewed by the Comptroller. The agency will use all available resources to identify accruals, including a schedule of federal reporting adjustments and a schedule of Managed Care Organizations' outstanding balances.

B. Christine Woodberry

C. August 1, 2022

Sincerely,



Drew L. Snyder  
Executive Director

OFFICE OF THE GOVERNOR

Walter Sillers Building | 550 High Street, Suite 1000 | Jackson, Mississippi 39201



MISSISSIPPI DIVISION OF  
**MEDICAID**

SINGLE AUDIT FINDINGS

October 17, 2022

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

Dear Auditor White:

Thank you for providing the Single Audit Findings for the Mississippi Division of Medicaid for our review and response. Our responses are below.

Sincerely,

*Drew Snyder*

Drew Snyder  
Executive Director  
Mississippi Division of Medicaid

AUDIT FINDINGS:

93.767 Children's Health Insurance Program (CHIP)

Allowable Costs

2021-039 Strengthen Controls to Ensure Compliance with the Allowable Costs Requirements of the Children's Health Insurance Program

DOM Response:

**DOM Concurs.** Although DOM concurs with this finding, this is a repeat finding that was immediately addressed at the conclusion of the Single Audit of fiscal year 2021. A manual update to the CHIP table was made by DOM, submitted to Conduent, and became effective 7/1/2021. The most recent CHIP co-payment table was automatically updated and put into production on March 11, 2022, when the Wholesale Change Packet was processed. When samples are selected by the Auditor's Office that post-date July 2021, the change will be evident, and this will no longer be an issue.

DOM Corrective Action Plan:

Based on the above response, this issue has been corrected and no further action is needed.

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93.778 Medical Assistance Program (Medicaid; Title XIX)

Allowable Costs

2021-040 Strengthen Controls to Ensure Compliance with the Allowable Costs Requirement of the Medical Assistance Program

DOM Response:

**DOM Concurs.** The Office of the State Auditor compared county information from the RH480 report from June 2021 to current county information in the MMIS system. When a new address is entered into the MEDS system, a complete override occurs in the MMIS system without record of the previous address. Because of this, comparing information from a past time period (June 2021) to current information in a real time system (MMIS) may result in what appears to be a conflict in county and/or region codes, resulting in the perception of payment of an improper capitation rate.

DOM determined that the three cases identified by OSA were not coded according to the county of residence in June 2021, which is the time period of the report utilized by OSA. However, one of the three did not result in improper capitation payments, as the geographic region, which determines the capitation payment, was accurate.

DOM Corrective Action Plan:

- a. Training was held with all Regional Office Eligibility Staff in July 2022, on the importance of having the correct county code in the computer system when updating an address or processing an action on a case.
  - b. Nathan Wilson
  - c. Corrected as of August 1, 2022
- 

93.767 Children's Health Insurance Program (CHIP)  
93.778 Medical Assistance Program (Medicaid; Title XIX)

Eligibility

2021-041 Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children's Health Insurance Program (CHIP)

DOM Response:

**DOM Does Not Concur.** It appears that OSA has attempted to evaluate DOM eligibility determinations using standards that are not approved by CMS and a data source unavailable to DOM under current state law. DOM maintains that for determining eligibility, it has complied with the CMS-approved state plan. Using the approved CMS MAGI Based Verification plan in effect during the audit time period, the state sought to verify the reported income to the standard of reasonable compatibility, as defined by CMS, through all available electronic data sources.

While DOM is only required to use tax return information in certain circumstances, the agency continues to pursue the authority to review state and/or federal tax return information. To date, DOM is still working on the SSR (System Security Report) for the IRS. Approval of the SSR is needed in order to complete testing of the code for using the IRS data in the reasonable compatibility calculations. The code is completed, and harness testing was done, but due to Authority to Connect (ATC) work and the MESA upgrade, the SSR completion has been delayed. Until such time that DOM is permitted to access tax return information, DOM plans to continue to follow the approved federal/state plan for eligibility determination.

**DOM Does Not Concur.** OSA identified 19 instances of applicants reporting self-employment income, out-of-state income, or unearned income on tax returns. The applications received by DOM for these applicants did not reflect income from any of these sources. Further, as stated above, DOM does not have access to state tax return information to refute the information on the applications in questions. DOM utilized all available, CMS-approved state plan data sources to evaluate and determine eligibility for the applicants identified.

In addition, the nine instances of income exceeding applicable income limits are based on tax returns that may or may not reflect the current situation of an applicant. According to 42 CFR

435.603(h) and the CMS-approved state plan, DOM is required to base eligibility on current income and family size for new applicants and current beneficiaries. While tax returns can be used as one form of verification, as required by federal regulations and the approved state plan, income attestations reflective of the client's present situation must be considered. Further, tax return information does not solely determine eligibility for applicants or current beneficiaries. This information, along with all other available data sources, is used as a part of the standard of reasonable compatibility.

Further, because of the public health emergency, which began in March 2020, no beneficiaries could be removed from Medicaid coverage. As a result, and based on DOM's determination of eligibility, the nineteen instances that were used to calculate the questioned costs would, in fact, have retained coverage, thus, legitimizing any costs associated with those beneficiaries during the time period audited.

**DOM Does Not Concur.** There were only five beneficiaries whose income was not verified through Mississippi Department of Employment Security. the remaining beneficiaries' income was either verified or verified automatically to attempt an administrative renewal though renewals were suspended at this time due to the public health emergency. Upon notification of this issue, DOM did verify the income of the five beneficiaries mentioned above, and it was determined that all five were, in fact, eligible during the time period audited, eliminating any associated questioned costs.

**DOM Concurs.** DOM did not perform resource verification through AVS for the beneficiaries in question. However, after being notified of this oversight, DOM ran AVS for all seven applicants, which resulted in no change in the eligibility determination.

**DOM Concurs.** Although, DOM agrees with this finding, this is a repeat issue that was corrected after the Single Audit of FY2021. Once OSA reviews PARIS files submitted after August 2021, this will no longer be an issue.

DOM Corrective Action Plan:

- a. A training PowerPoint was submitted to all RO Eligibility employees addressing MDES in July 2022.
- b. Nathan Wilson
- c. Corrected as of August 1, 2022

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93.767 Children's Health Insurance Program (CHIP)

Special Tests and Provisions – Provider Eligibility

2021-042 Strengthen Controls to Ensure Compliance with Provider Eligibility Requirements of the Children's Health Insurance Program (CHIP)

## DOM Single Audit Responses

### DOM Response:

**DOM Concurs.** The Mississippi Division of Medicaid (MDOM) delegated the screening and credentialing of CHIP providers to managed care organizations. Additionally, DOM officially discontinued the requirement of MCOs to obtain disclosures to eliminate redundancy in the MississippiCAN Contract Amendment #9. However, if the provider is enrolled in CHIP-only, then the MCO is required to obtain the disclosure.

**DOM Concurs.** The CHIP MCO identified confirmed that they have not conducted required site visits for moderate risk or high-risk providers since becoming a CHIP MCO in 2019. Additionally, the MCO did advise that they had contacted providers to conduct site visits but had been unable to secure a contract prior to implementation of the DOM centralized credentialing process.

**DOM Does Not Concur.** DOM requires the MCO to conduct screenings of all providers; however, the MCO may delegate provider credentialing activities, which includes provider screening. Services/items/prescriptions that are ordered/referred/written by hospitalists/contracted physicians are eligible for payment if the hospitalist/physician is enrolled in Medicaid or the claim qualifies for an exception under Medicaid Provider Enrollment Compendium (MPEC) Section 1.5.1.B.2. titled *When the SMA is Not Required to Enroll ORPs*. If the hospitalist/contracted physician is not enrolled in Medicaid, then credentialing is not required.

### DOM Corrective Action Plan:

- a. In response to concerns for proper credentialing and provider concerns, DOM began the design and implementation of a centralized credentialing process, which is administered by DOM for managed care providers in the MississippiCAN and CHIP programs. This process includes provider enrollment, screening, credentialing, and site visits by DOM and its fiscal agent. In addition, DOM will delegate credentialing services to a minimum number of large healthcare systems. The providers will continue to contract with MCOs for enrollment in their respective networks.
- b. Sharon Jones
- c. Corrected as of July 1, 2022

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

**Auditor's note to the Corrective Action Plan from Mississippi Division of Medicaid (MDOM) Management**

**Division of Medicaid – Eligibility - *Material Weakness/Material Noncompliance***

**2021-041      Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children's Health Insurance Program (CHIP)**

This finding is a repeat finding for MDOM since the Fiscal Year 2019 Single Audit. MDOM's State Plan requires the verification of all income for MAGI-based eligibility determinations, and, as stated in the finding, MDOM's Eligibility Policy and Procedure Manual requires the use of an individual's most recent tax return to verify self-employment income. In multiple instances, applicants either misreported self-employment income or failed to report self-employment income. MDOM's failure to adequately capture and verify self-employment income led to 9 instances where individuals who may not have been eligible to receive benefits were awarded benefits. In a similar case reported in last year's audit, two individuals fraudulently applied for and received Medicaid benefits, namely by concealing self-employment income on their tax returns. These instances resulted in over \$70,000 in unentitled benefits being paid. In order to attempt to reduce ineligible individuals from receiving benefits, MDOM should strengthen their controls and perform due diligence to ensure that self-employment income is properly verified. MDOM repeatedly states that they do not have access to state tax return information; however, their own policy states that they will use tax return data to verify self-employment income.

As explained to MDOM by auditors, the questioned costs remained even though MDOM was unable to remove individuals from the program due to COVID-19. The auditor asserts that, if MDOM had performed proper due diligence when initially evaluating these individuals, they may have never been accepted into the program; therefore, the questioned costs remain. The auditor concurs that OSA is not able to know the recipients were actually ineligible; conversely, MDOM is not able to know the recipients are actually eligible due to their own failed compliance with policies. Eligibility for these individuals is, at best, questionable, which is why the payments made are questioned costs.

Additionally, MDOM stated that they do not concur with the section of the finding regarding MDES verifications. To date MDOM has offered no documentation to support their assertion that these individuals were verified through the MDES system.

**Division of Medicaid – Special Tests & Provisions – Provider Eligibility - *Material Weakness/Material Noncompliance***

**2021-042**

**Strengthen Controls to Ensure Compliance with Provider Eligibility Requirements of the Children’s Health Insurance Program (CHIP)**

In the corrective action plan, MDOM states “MDOM requires the MCO to conduct screenings of all providers; however, the MCO may delegate provider credentialing activities, which includes provider screening.” As noted in the finding, Molina delegates credentialing and allows providers to “credential themselves”. The Medicaid Provider Enrollment Compendium (MPEC) states that allowing managed care organizations to delegate provider credentialing activities to allow providers to “credential themselves” is not in compliance with 42 CFR 455. This arrangement creates a conflict of interest and does not allow the MDOM to maintain appropriate oversight.



# State of Mississippi

**TATE REEVES**  
Governor

## MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

STEPHEN C. McCRANEY  
EXECUTIVE DIRECTOR

November 1, 2022

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

Attention: Ms. Stephanie C. Palmertree  
Deputy State Auditor

### **RE: Response to FY 2021 Single Audit Management Report**

Dear Mr. White:

On October 26, 2022, the Mississippi Emergency Management Agency (“MEMA”) received the Single Audit Management Report (the “Report”), prepared by the Office of the State Auditor, regarding MEMA’s management and use of federal funds during the Fiscal Year 2021. The cover letter provided with the Report directs MEMA to review the recommendations contained therein and submit a plan to implement them by November 2, 2022, or within five business days of MEMA’s receipt of the Report. Consistent with this direction, MEMA provides this response, including a corrective action plan for each finding. MEMA respectfully requests that the State Auditor consider the below comments and enclosed additional documentation in connection with any ongoing and future engagements. MEMA appreciates the continuing support of the State Auditor’s Office as we all work together for the betterment of our State. MEMA is available to answer any questions on this response.

### **ALLOWABLE COSTS**

#### **Audit Finding No. 2021-046**

The Mississippi Emergency Management Agency Should Strengthen Control to Ensure Compliance with Allowable Costs and Activities Allowed Requirements [sic] for Coronavirus Relief Funds.

**Response:**

MEMA disagrees with this Finding's underlying conclusion regarding the purchase of the State Emergency Logistical Operations Center ("SELOC"). The SELOC was necessary to respond to the COVID-19 pandemic, including specifically the National and State declarations of a Public Health Emergency; the costs incurred are allowable, unbudgeted expenditures of Coronavirus Relief Funds ("CRF"). Notably, the Mississippi Legislature passed House Bill 1808, which authorized MEMA to purchase a building with CARES Act funds for this purpose.

In response to the COVID-19 pandemic, MSDH was appointed the lead agency to address emergency circumstances as a result of the virus. MSDH entered into an agreement with MEMA that established MEMA as the primary State agency responsible for the purchase and delivery of critical personal protective equipment ("PPE") throughout the State to support our collective response to this unprecedented pandemic event. MEMA, however, did not have the storage capacity to properly store the amount of PPE estimated at that time to meet statewide demands, including the requirement that it maintain a 60-day reserve surplus of PPE consistent with the Governor's mandate.

As explained in more detail in the attached analysis, MEMA determined that the most cost effective option to store the necessary PPE was to purchase a facility with both the capacity and operational capability to allow MEMA to properly maintain the State's PPE stockpile in one facility in accordance with the guidelines that were being issued at that time by the U.S. Department of Health and Human Services. In September 2020, MEMA purchased the site that is now known as the SELOC.

MEMA has been working with the Office of the State Auditor on questions and tasks related to this audit since August 2020. MEMA initially signed a contract with the Office of State Auditor and Carr, Riggs & Ingram ("CRI") for the purpose of auditing MEMA's administration and distribution of CARES Act funds. MEMA provided all requested information to the CRI team, and, in early 2021, MEMA met with CRI representatives at the SELOC so the CRI team could personally view the operations and we could work through any remaining questions as needed to finalize the audit. Subsequently, MEMA provided CRI with all requested documentation associated with the purchase of the SELOC, including the space and cost analysis performed to justify in connection with the purchase.

MEMA understood the auditors had all information necessary to validate the SELOC purchase; however, in July 2022, MEMA received an email from Clifton Larson Allen LLP ("CLA"), an auditing firm out of California, advising that CLA was now auditing MEMA's CARES Act expenditures. It was not until September 26, 2022, that CLA advised MEMA that there were concerns with the use of CRF funding to cover the cost of the SELOC facility.

Purchase of the SELOC was necessary and the costs were reasonable based on circumstances present at the time the purchase was made in accordance with the applicable Federal regulatory standard found at 2 CFR § 200.404. MEMA prepared analyses to confirm that: (i) it did not have suitable existing property to store PPE necessary to respond to COVID-

19; (ii) improving existing property was not a cost effective option; and (iii) purchasing the facility represented the least cost option to meet the State’s PPE storage needs.

MEMA has effective controls in place to ensure compliance with applicable requirements for federal programs, including the CRF. MEMA implemented these controls when it purchased the SELOC facility to respond to the COVID-19 emergency. MEMA continues to use the SELOC for this purpose. MEMA’s purchase of the SELOC facility was a necessary expenditure to safely and efficiently store necessary PPE to respond to COVID-19 and the costs were not accounted for in MEMA’s previous budget. Therefore, this purchase met CRF requirements.

MEMA is confident that the information and documentation provided with this Response confirms that, not only was the purchase of the SELOC facility allowable consistent with the CARES Act CRF requirements, but also that MEMA exercised appropriate due diligence prior to making the purchase.

**Corrective Action Plan:**

MEMA appreciates the recommendation made by the State Auditor regarding strengthening controls to ensure compliance with allowable costs and activities for the CRF. MEMA continues to review its existing contracts and procurement procedures staying abreast of all state and federal guidance and changes.

**SUBRECIPIENT MONITORING**

**Audit Finding No. 2021-047**

The Mississippi Emergency Management Agency Should Strengthen Controls to Ensure Terms and Conditions are stated in Subrecipient Subaward Documents

**Response:**

MEMA understands that Audit Finding No. 2021-047 relates to MEMA’s administration of the Mississippi County and Municipality Emergency Relief Program (“MERP”). MERP was a unique funding program specifically enacted to provide support to our counties and municipalities for costs incurred to respond to an unprecedented national Pandemic and lessons can certainly be learned to improve in future events. Funding was needed immediately, and the public health and safety warranted expedited implementation and administration of these grants.

MERP was funded by an allocation of federal funds provided by the U.S. Department of Treasury to the State of Mississippi under the CARES Act CRF. The purpose of MERP was to provide critical and immediate support to our counties and municipalities actively engaged in unprecedented efforts to respond to the COVID-19 Pandemic.

MEMA was directed to administer MERP by the State Legislature under Senate Bill 3047 and was required to begin making disbursements to participating cities and counties no

later than August 15, 2020. The legislative directive included a list of eligible uses, based on guidance issues by the U.S. Department of Treasury. The amount of funding allocated to participating counties and municipalities was also set by the State Legislature and based on a proportional allocation of funding according to the county or municipality's population as listed in the 2010 U.S. Census. MEMA was a subrecipient of these funds and provided the allocations to participating municipalities and counties as beneficiaries/subrecipients as directed.

In order to implement MERP and administer the resulting payments to participating counties and municipalities, MEMA engaged a contractor to establish and operate a secure online portal to obtain necessary information from participating counties and municipalities and provide the necessary information to these entities so that each one was aware of certain terms and conditions applicable to these funds.

Participating counties and municipalities were provided credentials to access the MERP portal. When entered, the portal provided information as to the grant award (also publicly posted to MEMA website), the terms of the grant, and information regarding eligible uses. Each participating county and municipality were required to execute and return a "COVID-19 – Mississippi County and Municipality Emergency Relief Program Agreement." Among other requirements and terms, the Agreement requires the signing "Applicant" to comply with the Single Audit Amendments of 1996 under the Code of Federal Regulations Part 200 and provide copies of each audit report to the Governor's Authorized Representative.

To provide an added layer of protection for the State of Mississippi's funds, and further increase accountability of the participating counties and municipalities, the Agreement also confirms that each Applicant is responsible for any re-payment or deobligation of funding based on findings from the U.S. Department of Treasury's Office of Inspector General and/or the State Auditor. The Agreement further provides that any repayments not returned to MEMA within a reasonable time will be turned over to the State Auditor for action, so MEMA and the State of Mississippi should be fully protected.

Participating counties and municipalities were provided additional information regarding the eligible uses of these funds during a kick-off meeting including reference to U.S. Department of the Treasury materials, guidance documents, and FAQs that included many of the items noted in the list provided in the Report.

The simplified subgrant agreement, coupled with the instruction and oversight provided by MEMA and its contractors, protected the State's interests. MEMA's procedures materially complied with the requirements imposed by applicable federal regulations and the awarding agency; however, MEMA will work to further strengthen the controls in place going forward.

**Corrective Action Plan:**

MEMA appreciates the recommendation made by the State Auditor regarding additional terms and conditions to be expressly included in future grant agreements that may be entered into to implement similar programs. MEMA will review its existing subgrant templates for future programs that may arise.

**Audit Finding No. 2021-048**

The Mississippi Emergency Management Agency Should Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements.

**Response:**

MEMA has a Subrecipient Monitoring Policy to ensure compliance with the Single Audit Act and to build a stronger reporting and monitoring system for Single Audits. The Subrecipient Monitoring Policy requires MEMA, in relevant part, to:

- Perform annual review of single audits from all subgrantees that expend \$750,000 or more in federal funds in accordance with the Office of Management and Budget (“OMB”) Uniform Guidance;
- Send a letter to all subrecipients explaining the requirement to perform a Single Audit Report if a non-Federal entity expends federal funds of \$750,000 or more in a given fiscal year;
- Inform subrecipients of the timeline by which it must submit Single Audit Reports to the Federal Audit Clearinghouse;
- Send subrecipients the “For Federal Grant Recipients” Memorandum to assist subrecipients with determining whether it meets the federal expenditure threshold of \$750,000;
- Annually track subrecipients use of Federal funding, capturing relevant information and deadlines;
- Take corrective action for subrecipients that do not comply with Single Audit Act requirements.

MEMA implemented an updated Subrecipient Monitoring Policy in August of 2022. MEMA understands that the instant concern is that MEMA’s current Policy may not impose Single Audit Act requirements on subrecipients when federal funding is provided under programs that MEMA doesn’t manage trigger compliance. Of note, MEMA is not aware of any means to reliably access information regarding what types and how much federal funding is provided by programs outside of those that MEMA manages/administers.

Notwithstanding, MEMA will revise its Subrecipient Monitoring Policy to require subrecipients to certify that the total amount of funding from all programs meets/does not meet the threshold to trigger Single Audit Act compliance. MEMA will require compliance with requirements if the certification is not submitted or MEMA has information otherwise to indicate that the subrecipient has met or exceeded the threshold.

**Corrective Action Plan:**

MEMA is confident that the State Auditor’s Office will agree that implementation of its updated Subrecipient Monitoring Policy will resolve the issues identified in Audit Finding 2021-048. MEMA will continue to strengthen its subrecipient monitoring requirements to ensure that all subrecipients are appropriately monitored and satisfy all applicable federal requirements, including those found at 2 CFR Part 200 and the Single Audit Act.

**Conclusion**

MEMA welcomes the opportunity to further discuss any remaining questions that the State auditor may have regarding MEMA’s use of Federal funds and will provide any necessary additional information and documentation in order to close all findings and recommendations. If you need any further information related to this response, or to discuss this matter further, my point of contact is Mr. Clayton French, Jr., Deputy Director, who may be reached at (601) 933-6782.

Sincerely,



Stephen C. McCraney  
Executive Director

Attachment:

Analysis re Purchase of the State Emergency Logistical Operations Center (SELOC)



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

**Auditor's note to the Corrective Action Plan from Mississippi Emergency Management Agency (MEMA)**

**MEMA – Activities Allowed/Allowable Costs - *Material Weakness/Material Noncompliance***

**2021-046      Strengthen Controls to Ensure Compliance with Allowable Costs and Activities Allowed Requirements for Coronavirus Relief Funds.**

MEMA's provided analysis of the rent vs. purchase option was only provided after the initial finding was presented to Management. When the analysis was examined, auditors determined that it relied on inaccurate underlying data. The analysis provided that it would cost \$2,059,200 to lease storage facilities in one year. However, this number was calculated by taking the current price of one warehouse that housed 25% of the materials and extrapolating it to encompass a price for 100% of the materials. The storage cost of this facility was \$42,900. MEMA also presented emails illustrating that there was a warehouse available to rent that supplied half of the needed space for \$30,000 a month for rent, and another facility for a fourth of the needed space for \$5,000 a month. If extrapolations were made with this data, even if using the more expensive building as the base data, the cost of leasing the building for two years would come to \$1,440,000, which is almost a million less than the initial cost of the building.

Moreover, the analysis provided by MEMA does not consider the additional costs that were associated with the State Emergency Logistical Operations Center (SELOC) building to prepare the building for initial use. These costs amounted to at least \$518,042 in additional costs. Lastly, the analysis does not factor in that the building MEMA used for extrapolation is not a storage facility, but a nationwide distribution center that also charged for pallet rental, the cost of moving pallets in and out, etc. Additionally, the rental cost of the Gulf Relay facility varied from month to month based on these expenditures and the amount of storage utilized. The prices varied from approximately \$27,000 monthly to \$50,000 monthly.

It appears to the auditor that MEMA used data in their analysis that would lead to the conclusion to purchase the building, rather than to let the analysis dictate the most cost effective option. While MEMA may argue that the building purchase was a better long term business decision for the agency, the purpose of the Coronavirus Relief Funds (CRF) was to provide immediate relief for the pandemic and not provide long term business solutions.

MEMA's supporting documentation mainly relied on Mississippi State Law to validate the purchase of the building, stating that the Legislature allowed them to purchase the building via legislation that was passed during the fiscal year 2020 legislative session; however, state law cannot supplant federal law in regards to a **federal** grant.

It should be reiterated that MEMA publicly stated that this facility was for future pandemics, and a permanent office space for the procurement staff of MEMA, thereby verifying its intended use and purpose extended past the period of performance.

**MEMA – Subrecipient Monitoring - *Material Weakness/Material Noncompliance***

**2021-047**      Strengthen Controls to Ensure Terms and Conditions are stated in Subrecipient Subaward Documents.

MEMA’s argument in their response relies on the fact that the MS Legislature appropriated CRF funds for state program called “MERP”. The program was designed to provide CRF monies to the counties and municipalities in Mississippi. Regardless of the appropriation of the Legislature, MEMA is still required to follow subrecipient monitoring regulations as outlined in Uniform Grant Guidance, as required by the Department of the Treasury.

PUBLIC UTILITIES STAFF

EMILY W. KRUGER  
GENERAL COUNSEL

RON BREWER, DIRECTOR  
WATER & SEWER DIVISION

CHRISTOPHER GARBACZ, DIRECTOR  
ECONOMICS & PLANNING DIVISION



CHARLES JIM BECKETT  
EXECUTIVE DIRECTOR

JEFFREY L. LEE, DEPUTY DIRECTOR  
ADMINISTRATIVE SERVICES DIVISION

SAMSON MABRY IV, DIRECTOR  
ELECTRIC & GAS DIVISION

TIMOTHY H. JONES, DIRECTOR  
COMMUNICATIONS DIVISION

SINGLE AUDIT FINDINGS

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

November 7, 2022

Dr. Mr. White:

Staff has reviewed your findings of the audit of Staff's handling of Senate Bill No. 3046 "Mississippi Electric Cooperatives Broadband COVID-19 Act." Below is the Corrective Action Plan to be implemented by Staff in the event the Mississippi Legislature directs us to handle any future grant programs using federal dollars.

Audit Findings:

OSA identified a deficiency in internal controls, described as not following *The Code of Federal Regulations 2 CFR 200.332(a)* which governs how an entity must ensure identification of subawards to subrecipients.

2021-049 Strengthen Controls to Ensure Compliance with Subrecipient Monitoring Requirements

- "During testwork performed for subrecipient monitoring for year ended June 30, 2021, the auditor noted that 100% of the 6 sampled subawards issued to subrecipients of CRF grants did not include all of the required data elements such as the Assistance Listing Number (ALN), the name of the federal awarding agency, and the grant's period of performance.
- "The Mississippi Public Utilities Staff used subrecipient agreements that lacked all the required data elements.
- OSA Recommendation: "We recommend the Mississippi Public Utilities Staff strengthen controls to ensure terms and conditions are stated in subrecipient subaward documents as required by Uniform Grant Guidance."

Staff Response:

A lump sum of \$75 million was taken from Mississippi's share of the Federal Government's CARES Act by the Mississippi Legislature and allocated to the Mississippi Public Utilities Staff in the form of SB 3046. Staff had to implement a grant program that would provide

awardees with money by July 31, 2020. SB 3046 laid out the methodology by which the Staff was to conduct the grant program and monitor the awardees. All awarded money had to be spent in projects building out broadband by December 31, 2020. Staff used fees paid by applicants to hire an accounting firm and an engineering firm to monitor the spending of the money and building of broadband infrastructure. 2 CFR 200.332(a) lists subrecipient monitoring requirements. Staff did not have access to any of this information. Staff only had the information dictated to it through SB 3046 which was signed into law by the Governor. Mississippi received over one billion dollars in CARES Act funds from the federal government. The Governor and the Mississippi Legislature dictated the allocation of those dollars. 2 CFR 200.332(a) targets a more specific grant from the federal government not emergency funding through an action like the CARES Act.

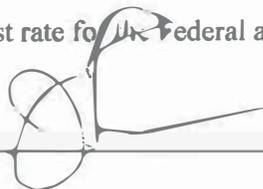
Although Staff did not have information available to it to follow the exact requirements of 2 CFR 200.332(a), Staff commits to pursuing those specific guidelines in any future actions related to federal grants.

Corrective Action Plan:

Staff agrees to follow the criteria set out in 2 CFR 200.332(a) regarding subrecipient monitoring in all future action that require it. The criteria are listed below:

- Subrecipient Name (which must match the name associated with its unique entity identifier);
- Subrecipient's unique entity identifier;
- Federal Award Identification Number (FAIN);
- Federal Award Date of award to the recipient by the Federal agency;
- Subaward Period of Performance Start and End Date;
- Subaward Budget Period Start and End Date;
- Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFACTA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- Assistance Listing number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award.

Signature



Jeffrey Lee

Title: Deputy Director



SINGLE AUDIT FINDINGS

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

November 10, 2022

Dear Mr. White:

The Mississippi Veterans Affairs appreciates and thanks your staff for all the assistance and courtesy provided during the audit of this agency. Your recommendations will be incorporated to enhance our internal controls and policies.

**Audit Findings**

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

**ALN and Program Name**

64.015 Veterans State Nursing Home Care

**Type of Compliance Requirement**

Material Weakness and Material Noncompliance

**Audit Finding Heading**

2021-051 Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**Response:** We concur with this finding.

Corrective Action Plan:

- A. The Chief Financial Officer will submit all financial data for the GAAP reporting packets and ensure necessary adjustments and corrections are accurately reported

according to the MAAPP manual Section 27.30.60.

- B. The Mississippi Veterans Affairs Internal Auditor will monitor the Finance Department internal processes and procedures to implement corrective actions for compliance requirements.

**ALN and Program Name** 21.019 Coronavirus Virus Relief Funds

Type of Compliance Requirement  
Material Weakness and Material Noncompliance

**Audit Finding Heading**

2021-052 Strengthen Controls Over the Preparation, Recording, and Review of the Schedule of Expenditures of Federal Awards.

**Response:** We concur with this finding.

Corrective Action Plan:

- A. The Mississippi Veterans Affairs Grant Manager will monitor and track grant related expenses for reconciliation purposes.
- B. The Chief Financial Officer will ensure the preparation of reviewing and recording federal award expenditures are maintained and tracked accordingly.
- C. The Mississippi Veterans Affairs Internal Auditor will monitor the Finance Department internal processes and procedures to implement corrective actions for compliance requirements.

Signed:



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Mark Smith, Executive Director  
Mississippi Veterans Affairs

## IV. INDICES



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STATE OF MISSISSIPPI

INDEX OF FINANCIAL STATEMENT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2021

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (by finding number)**

<b><u>FINDING NUMBER</u></b>	<b><u>PAGE NUMBER</u></b>	<b><u>STATE GRANTEE AGENCY NAME</u></b>
2021-001	69	Department of Human Services
2021-002	67	Department of Finance and Administration
2021-003	67	Department of Finance and Administration
2021-004	71	Department of Marine Resources
2021-005	53	Department of Corrections
2021-006	55	Department of Education
2021-007	75	Division of Medicaid
2021-008	57	Department of Employment Security
2021-009	73	Department of Public Safety
2021-016	59	Department of Employment Security
2021-017	61	Department of Employment Security
2021-018	63	Department of Employment Security

**MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS (by State Agency)**

Department of Corrections: Page 245

Department of Education: Page 247

Department of Employment Security: Page 263

Auditors Response to Employment Security Corrective Action Plan: 271

Department of Finance and Administration: Page 291

Department of Human Services: Page 301

Department of Marine Resources: Page 309

Department of Public Safety: Page 311

Division of Medicaid: Page 321

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**STATE OF MISSISSIPPI**

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FEDERAL DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2021**

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1. U.S. Department of Agriculture: Page 79
2. U.S. Department of Commerce: None
3. U.S. Department of Defense: None
4. U.S. Department of Housing and Urban Development: None
5. U.S. Department of the Interior: None
6. U.S. Department of Justice: None
7. U.S. Department of Labor: Page 141
8. U.S. Department of Transportation: Page 163
9. U.S. Department of Treasury: Page 171
10. Appalachian Regional Commission: None
11. National Foundation on the Arts and Humanities: None
12. Small Business Administration: None
13. U.S. Department of Veterans Affairs: Page 207
14. Environmental Protection Agency: None
15. U.S. Department of Energy: None
16. U.S. Department of Education: Page 95
17. Gulf Coast Ecosystem Restoration Council: None
18. Election Assistance Commission: None
19. U.S. Department of Health and Human Services: Page 109
20. Corporation for National and Community Service: None
21. Executive Office of the President: None
22. Social Security Administration: None
23. U.S. Department of Homeland Security: Page 137

*Note: Federal Departments are listed in order of their respective numerical Assistance Listing Number.*

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STATE OF MISSISSIPPI

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INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2021

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1. Agriculture and Commerce: Pages 171-173
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. East MS State Hospital: None
9. Education: Pages 79-82, 95-106, 173-176
10. Emergency Management: Pages 183-189
11. Employment Security: Pages 137-158, 176-183
12. Environmental Quality: None
13. Finance and Administration: Pages 171-198
14. Forestry Commission: None
15. Governor's Office: None
16. Health: Pages 109-110
17. Human Services: Pages 85-93, 111-121
18. Insurance: None
19. Library Commission: None
20. Marine Resources: None
21. Medicaid: Pages 123-134
22. Mental Health: None
23. Military Department: None
24. MS Development Authority: None
25. MS State Hospital: None
26. Oil and Gas Board: None
27. Board of Pharmacy: None
28. Public Safety: None
29. Public Service Commission: None
30. Public Utilities Staff: Pages 189-191
31. Rehabilitation Services: None
32. Secretary of State: None
33. Soil and Water Conservation Commission: None
34. Supreme Court: None
35. Transportation: Pages 163-167
36. Treasury: None
37. Veterans Affairs: Pages 191-193, 207-209
38. Wildlife, Fisheries and Parks: None

*Note: If findings and recommendations related to and 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

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**INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FINDING NUMBER  
FOR THE YEAR ENDED JUNE 30, 2021**

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2021-011	85	Department of Human Services
2021-012	112	Department of Human Services
2021-013	86, 114	Department of Human Services
2021-014	89, 118	Department of Human Services
2021-015	141	Department of Employment Security
2021-019	163	Department of Transportation
2021-020	165	Department of Transportation
2021-021	166	Department of Transportation
2021-022	147	Department of Employment Security
2021-023	149	Department of Employment Security
2021-024	154	Department of Employment Security
2021-025	155	Department of Employment Security
2021-026	152	Department of Employment Security
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2021-028	137	Department of Employment Security
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2021-030	193	Department of Finance and Administration
2021-031	194	Department of Finance and Administration
2021-032	196	Department of Finance and Administration
2021-033	109	Department of Health
2021-034	79	Department of Education
2021-035	98	Department of Education
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2021-037	102	Department of Education
2021-038	104	Department of Education
2021-039	123	Division of Medicaid
2021-040	124	Division of Medicaid
2021-041	126	Division of Medicaid
2021-042	131	Division of Medicaid
2021-043	176	DFA/Department of Employment Securities
2021-044	95,173	DFA/Department of Education
2021-045	180	DFA/Department of Employment Securities
2021-046	183	DFA/Emergency Management Agency
2021-047	185	DFA/Emergency Management Agency
2021-048	187	DFA/Emergency Management Agency
2021-049	189	DFA/Public Utilities Staff
2021-050	171	Department of Agriculture and Commerce

STATE OF MISSISSIPPI

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INDEX OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
LISTED BY FINDING NUMBER  
FOR THE YEAR ENDED JUNE 30, 2021

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<b><u>FINDING NUMBER</u></b>	<b><u>PAGE NUMBER</u></b>	<b><u>STATE GRANTEE AGENCY NAME</u></b>
2021-051	207	Veterans Affairs Board
2021-052	191	Veterans Affairs Board

**STATE OF MISSISSIPPI**

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**INDEX OF MANAGEMENT RESPONSES TO FEDERAL AWARD FINDINGS  
AND CORRECTIVE ACTION PLANS  
LISTED BY STATE GRANTEE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2021**

---

1. Agriculture and Commerce: Page 241
2. Animal Health: None
3. Archives and History: None
4. Arts Commission: None
5. Attorney General: None
6. Board for Community and Junior Colleges: None
7. Corrections: None
8. East MS State Hospital: None
9. Education: Page 249
10. Emergency Management: Page 331
11. Employment Security: Page 273
12. Environmental Quality: None
13. Finance and Administration: Page 295
14. Forestry Commission: None
15. Governor's Office: None
16. Health: Page 299
17. Human Services: Page 303
18. Insurance: None
19. Library Commission: None
20. Marine Resources: None
21. Medicaid: Page 323
22. Mental Health: None
23. Military Department: None
24. Mississippi Development Authority: None
25. MS State Hospital: None
26. Oil and Gas Board: None
27. Board of Pharmacy: None
28. Public Safety: None
29. Public Service Commission: None
30. Public Utilities Staff: Page 339
31. Rehabilitation Services: None
32. Secretary of State: None
33. Soil and Water Conservation Commission: None
34. Supreme Court: None
35. Transportation: Page 313
36. Treasury: None
37. Veterans Affairs: Page 341
38. Wildlife, Fisheries and Parks: None

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## V. ACKNOWLEDGMENTS



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## ACKNOWLEDGMENTS

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**Jason K. Ashley, Deputy Director, Financial and Compliance Audit Division**  
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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:

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

Special thanks to Melody Crews, Caralee Ferrell, and Jacqueline Thomas - the Administrative Staff of the Financial and Compliance Division - who tirelessly support us during our audits. Lastly, thank you to Jimmie Moore, who keeps our computers and copiers running year round.

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