



**STATE OF MISSISSIPPI
MISSISSIPPI DEPARTMENT OF CORRECTIONS
Burl Cain, Commissioner**

COMPLIANCE REVIEW FINDINGS

December 8, 2020

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 Corrections has received the "Limited Internal Control and Compliance Review Management Report" from your office for the period of July 1, 2017 to December 31, 2019. In my capacity as the Commissioner of MDOC, I have conducted staff meetings with our executive team in order to adequately address any deficiencies and/or instances of non-compliance revealed by your audit. MDOC has worked tirelessly since February to address and has already corrected many of the findings stated in your report. MDOC has established its new vision as an honorable, innovative, and fiscally responsible professional organization. I want to thank the State Auditor and his staff for honoring Governor Reeves' request to perform a Compliance Audit of MDOC to help our organization move forward.

With respect to your compliance review of the Mississippi Department of Corrections (MDOC), we offer the following comments:

Finding 1: Members of the Executive Management at the Mississippi Department of Corrections (MDOC) Should Embrace and Practice Ethical Business Practices and Improve the Ethical Tone of the Organization.

Response: The MDOC Executive Leadership concurs with this finding and has established its vision for the organization as a professional organization that is honorable, honest, transparent, innovative, and fiscally responsible.

Corrective Action Plan: The MDOC Executive Leadership has and will continue to set the proper "tone at the top" to display the ethical business practices of the agency and its vision. This will be achieved by updating existing and developing new policies and standard operating procedures in accordance with the Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual. Management will ensure these standards are demonstrated, and agency personnel performs with

integrity and is held accountable for compliance.

Finding 2: MDOC Should Implement and Strengthen Internal Controls Throughout All Divisions and Processes.

Finding 2 Response: The agency contracted with an outside CPA firm during FY 2018 to review and revise its Internal Control Plan. Additional training will be provided to managers who will be required to follow the agency's Internal Control Plan.

Corrective Action Plan for Finding 2: The MDOC Executive Leadership will set the proper "tone at the top" to reiterate the importance of following the internal controls that are in place. MDOC has hired a Director of Fiscal Affairs and identified essential vacancies that need to be filled within the division of Administration and Finance. The agency has determined that increasing the number of employees within this area will enhance the capacity to separate duties; thereby, improving internal controls. MDOC is currently recruiting to fill an Internal Auditor position that will be tasked with and empowered to ensure that personnel complies with internal controls set forth by the agency. Instances of non-compliance will be identified, addressed, and swiftly corrected by management.

Finding 3: MDOC Should Strengthen Controls to Ensure Compliance with State Laws Over Compensatory Time Buyouts.

Finding 3 Response: MDOC acknowledges the finding concerning compensatory time buyouts.

Corrective Action Plan for Finding 3: The current administration has implemented procedures to ensure all buyouts are in compliance with state law. In addition, MDOC will seek guidance from the State Auditor to ensure procedures implement are in compliance.

Finding 4: Agency Should Strengthen Controls Over Travel Expenditures to Ensure Compliance with Laws and Regulations.

Finding 4 Response: MDOC acknowledges that guidelines for travel and support documentation from 2017 to 2019 were not in compliance with the Mississippi Department of Finance and Administration's travel guidelines.

Corrective Action Plan for Finding 4: Training on state travel policies and procedures as well as internal agency processes will be provided to all current employees. MDOC's current administration requested training from DFA, which was held on October 20, 2020, for the accounting staff to be refreshed on DFA's travel policies. This training reinforced procedures to ensure that the accounting department verifies that all documentation is attached to travel vouchers and travel advances before processing travel. In the interim, management will audit travel to verify proper procedures are followed.

Finding 5: MDOC Should Strengthen Controls Purchasing to Ensure All Purchases are Necessary, Legal, and Reasonable.

Finding 5 Response: MDOC concurs with the finding.

Corrective Action Plan 5: The current administration ensures that all purchases are for the betterment of the agency and proper. The staff is aware of the tone of the new administration. In

addition, the purchasing department has been given the training to ensure that all purchases are efficient, economical, and proper. Also, all purchases now require approval by the Deputy Commissioner of Administration and Finance, Director of Fiscal Affairs, and designated Commissioners prior to a purchase order being issued. Lastly, MDOC will ensure proper documentation will be maintained for all purchases to show the reasonableness of the purchases.

Finding 6: MDOC Should Strengthen Controls Over Accounting System to Ensure Compliance with Laws and Regulations.

Finding 6 Response: MDOC concurs with the finding.

Corrective Action Plan for Finding 6: MDOC will ensure that all transactions recorded in QuickBooks are reconciled to Magic with the supporting documentation uploaded as an attachment. QuickBooks sole function is to track cash receipts of funds deposited into MDOC's clearing account and supervision account before funds are transferred to the Treasury.

Finding 7: MDOC Should Strengthen Controls Over Restitution Accounting and Banking to Ensure Compliance with Laws and Regulations.

Finding 7 Response: MDOC concurs with the finding. MDOC maintains control over all banking for the restitution trust accounts. MDOC will ensure that all services provided by Premier Supply Link, LLC is in compliance with the agreed-upon contract.

Corrective Action Plan for Finding 7: MDOC has requested an independent firm to conduct a forensic audit of the restitution account. Any findings will be addressed by management. In addition, MDOC has closed the restitution account, and the daily activities are contracted with Premier Supply Link, LLC.

Finding 8: MDOC Should Strengthen Controls Over Bank Accounts to Ensure Compliance with Laws and Regulations.

Finding 8 Response: MDOC concurs with the finding and will ensure that all account balances will stay under the authorized limits. Also, all bank accounts will be listed on the Public Depositor's Annual Report. The agency has established procedures to ensure all bank accounts are reconciled the following month, and no operation expenditures are expensed from the clearing account.

Corrective Action Plan for Finding 8: MDOC has implemented procedures to ensure that all documentation is maintained for all transactions that come in and out of MDOC's bank accounts. In addition, all bank reconciliations will be performed by an independent person outside of the accounting department, then reviewed by the Director of Fiscal Affairs.

Finding 9: MDOC Should Strengthen Controls to Ensure Compliance with State Laws and Regulations over Procurement Cards.

Finding 9 Response: MDOC concurs with the finding and will continue to ensure compliance with all guidelines set forth by the State of Mississippi's Office of Purchasing and Travel State Procurement Card Guidelines.

Corrective Action Plan for Finding 9: MDOC is developing policies and procedures to ensure the program coordinator verifies that all procurement card purchases follow state procurement card procedures. Policy and procedures will address permissible and prohibited use. Cardholders will be held accountable for submitting appropriate support documentation for each purchase.

Finding 10: Agency Should Strengthen Controls to Ensure Compliance with State Law over Cash Receipts.

Finding 10 Response: MDOC concurs with the finding and has implemented procedures to ensure adequate supporting documentation is maintained for all cash receipts.

Corrective Action Plan for Finding 10: MDOC has implemented procedures to ensure that all cash receipts are entered into QuickBooks, and documentation is scanned to electronic accounting files to enhance oversight. In addition, all deposit slips and source documents will be scanned into Magic with corresponding transactions.

Finding 11: Agency Should Strengthen Controls Over Contractual Expenditures to Ensure Compliance with Laws and Regulations.

Finding 11 Response: MDOC concurs with the finding. However, MDOC provided documentation for the five instances where the contract selected could not be provided.

Corrective Action Plan for Finding 11: MDOC will implement procedures to have an open purchase order for allotment one and allotment two to ensure compliance MAAP manual. In addition, MDOC will implement controls to ensure all invoices are paid timely.

Finding 12: Agency Should Strengthen Controls Over Commodity Expenditures to Ensure Compliance with Laws and Regulations.

Finding 12 Response: MDOC concurs with the finding.

Corrective Action Plan for Finding 12: MDOC is implementing staff training to ensure proper procedures are followed when entering purchase orders and will ensure receipts are processed timely and accurately.

Finding 13: Agency Should Strengthen Controls to Ensure Compliance with State Laws and Regulations over Fringe Benefits.

Finding 13 Response: MDOC concurs with the finding and has implemented procedures to ensure compliance with guidelines set forth by DFA.

Corrective Action Plan for Finding 13: MDOC is in the process of updating all fleet management forms for staff. In addition, MDOC has evaluated all staff and assigned commuter vehicles to only necessary staff. Previously improperly assigned vehicles were returned to the agency pool, and all vehicles which were not operable were disposed of using state guidelines.

Finding 14: MDOC Should Strengthen Controls Over Fuel Purchases to Ensure Compliance with Laws and Regulations.

Finding 14 Response: MDOC concurs with this finding.

Corrective Action Plan for Finding 14: The Fleet Management team is now performing a monthly review of all fuel purchases and reporting discrepancies to management. The staff has been informed to follow proper Fuelman procedures when purchasing fuel.

Finding 15: Agency Should Strengthen Controls over Employee Insurance.

Finding 15 Response: MDOC acknowledges that there were five instances in which the State and School Employees' Health Insurance Plan Application for Coverage and the Life Insurance Plan Enrollment/Change Request Form was not on file for the selected employees.

Corrective Action Plan for Finding 15: The agency will review all insurance records during the open enrollment period to ensure that our applications are on file and the applications correctly reflect coverage.

Finding 16: Agency Should Strengthen Controls over Capital Assets.

Finding 16 Response: MDOC concurs with the finding and has provided the auditor with additional information. In addition, MDOC is in the process of completing a full in-house audit of all assets.

Corrective Action Plan for Finding 16: MDOC is implementing procedures to perform routine audits of assets to ensure compliance with state law.

Finding 17: Agency Should Ensure Compliance with State Laws Over Personal, Medical, Compensatory, and Donated Leave to Ensure Compliance with Laws and Regulations.

Finding 17 Response: MDOC concurs with this finding.

Corrective Action Plan for Finding 17: MDOC will implement procedures to ensure documentation is noted in the time system for all approved or non-approved leave.

Finding 18: Agency Should Ensure Compliance with State Laws over Surety Bonds.

Finding 18 Response: MDOC concurs with the finding.

Corrective Action Plan for Finding 18: MDOC has obtained a surety bond for the required position.



Sincerely,

Burl Cain, Commissioner