



Mississippi State UNIVERSITY

Office of the Vice President for Finance
and Administration

June 13, 2007

Mr. Phil Bryant
Auditor
Office of the State Auditor
P O Box 956
Jackson, MS 39201

Dear Mr. Bryant:

Please find enclosed Mississippi State University's Corrective Action Plan for the eleven findings and recommendations in regard to your audit for the IHL for the year ended June 30, 2006.

If you have any questions, please contact myself at (662)325-3222 or Wayne Bland at (662)325-2302.

Sincerely,

A handwritten signature in black ink that reads "Michael J. McGrevey".

Michael J. McGrevey
Chief of Staff and Chief Financial Officer

lcl
Enclosure

c: Dr. Thomas Meredith
Mr. Aubrey Patterson
Mr. Wayne Bland
Mr. Don Zant



Mississippi State UNIVERSITY

Office of the Vice President for Finance
and Administration

Findings and Questioned Costs for Federal Awards

Finding 1

Corrective Action Plan Details

2006-MSU-1

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Jim Jones
Executive Director of Facilities
Facilities Management Administration
Phone: (662)325-5830

b. Corrective Action Planned:

To prevent reoccurrence of the finding procedures have been modified to include other construction management arrangements.

c. Anticipated Completion Date:

While the review and improvement of the control process is a continual process, the changes in procedure to address the finding noted above were completed May 29, 2007.

Finding 2

Corrective Action Plan Details

2006-MSU-2

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Don Buffum
Director Procurement & Contracts
Phone: (662)325-2861

b. Corrective Action Planned:

Current solicitations for bids include a terms and conditions attachment that requires contractors to comply with applicable federal, state, and local laws and regulations. However, procedures will be modified to specifically address Code of Federal

Regulations Title 41 Chapter 60 Part 60-4. All future solicitations for offers and bids on all Federal and federally assisted construction contracts or subcontracts in excess of \$10,000 will also include the "Notice of Requirement for Affirmative Action To Ensure Equal Employment Opportunity" (Executive Order 11246) as prescribed in 41 CFR 60-4.2.

c. Anticipated Completion Date:

For all future solicitations for offers and bids on all Federal and federally assisted construction contracts or subcontracts in excess of \$10,000 after May 29, 2007.

Finding 3

Corrective Action Plan Details

2006-MSU-3

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Wayne Bland
Interim Associate VP for Finance and Administration
Phone: (662)325-2302

b. Corrective Action Planned:

The University has an internal control system in place to ensure that salaries are charged to correct project and fund. However, a miscommunication between a departmental business manager and principal investigator did result in salaries being charged to the wrong fund. Once the error was discovered, an adjustment was made to correct the error. Procedures are being strengthened to ensure principal investigators are aware of salaries being charged to their projects and any necessary changes are identified and made in a timely manner.

c. Anticipated Completion Date:

The adjustment to correct the salary distribution was made March 20, 2007. While the review and improvement of the control process is a continual process, improvements to address the finding noted above are expected to be in place by July 1, 2007.

Finding 4

Corrective Action Plan Details

2006-MSU-4

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Wayne Bland
Interim Associate VP for Finance and Administration
Phone: (662)325-2302

b. Corrective Action Planned:

The University has an internal control system in place to ensure expenditures comply with OMB A-21. We are not aware of any provision within OMB A-21 that requires prior approval of expenditures by the principal investigator; rather, OMB Circular A-21, section C., 4., d., (4), appears to indicate that cost may be approved by a designee or someone other than the principal investigator. However, procedures will be modified to provide documentation that expenditures have been reviewed by the principal investigator or project director. Further, procedures will be modified to ensure that grant files are updated in an efficient and timely manner.

c. Anticipated Completion Date:

While the review and improvement of the control process is a continual process, improvements to address the finding noted above are expected to be in place by October 1, 2007.

Sincerely,


Chief of Staff and Chief Financial Officer



Mississippi State UNIVERSITY

Office of the Vice President for Finance
and Administration

Other Findings

<u>Finding #</u>	<u>Corrective Action Plan Details</u>
Finding 1	<p>a. Name(s) of Contact Person(s) Responsible for Corrective Action:</p> <p>Wayne Bland Interim Associate VP for Finance and Administration Phone: (662)325-2302</p> <p>b. Corrective Action Planned:</p> <p>University controls identified this irregularity and strengthen procedures were implemented in August 2006. The property that was released to an unauthorized person consisted of equipment that had been turned over to Receiving & Property Control for disposal by various university departments. Procedures and internal controls have been modified to ensure surplus property is only released to authorized individuals. Further, university administration has reemphasized to Receiving & Property Control personnel the need to promptly report any lost, stolen, or missing equipment to the proper university authorities as prescribed by university policy.</p> <p>c. Anticipated Completion Date:</p> <p>The changes to procedures and discussions regarding adherence to policy were completed August 2006.</p>
Finding 2	<p>a. Name(s) of Contact Person(s) Responsible for Corrective Action:</p> <p>Vicky McCarthy Accounts Payable & Travel Manager Phone: (662)325-1935</p>

b. Corrective Action Planned:

A The first class air travel was booked by our travel agency since there were no other seats or flights available that day. However, the travel agency failed to contact the university's Office of Accounts Payable & Travel or to notate that this particular leg of the flight was first class on the itinerary. The travel agency has been informed of this error and has indicated that they will be more diligent in the future.

B The \$25 reimbursement for spousal expense was an oversight on the part of Office of Accounts Payable & Travel personnel. Employees responsible for processing travel will be reminded of the need to review all supporting information more closely to ensure expenses are allowable per university and DFA policy and state law. The issue of spousal reimbursement will be specifically addressed.

C It has been the university's policy since at the least the 1980s to allow employees to have multiply travel advances outstanding due to some positions requiring frequent and extensive travel. While DFA policy states that only one travel advance shall be outstanding at one time, the policy does provide for exceptions to policy that are approved by DFA. The university's Office of Accounts Payable & Travel has received a waiver from DFA regarding this policy provision.

c. Anticipated Completion Date:

a. Completed September 2006.

b. Will discuss with staff immediately, June 2007.

c. Official waiver from DFA received June 1, 2007 to continue this practice.

Finding 3

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Wayne Bland
Interim Associate VP for Finance and Administration
Phone: (662)325-2302

b. Corrective Action Planned:

A. Procedures and controls have been revised to assure university payments for contracted services are supported by a contract with Mississippi State University.

B. The second request for payment had the same information as the first request. Further, the actual payments were initiated and approved by the Principal Investigator based on receipt of the agreed upon deliverables of the project. This was a fixed price contract and no further expenditure detail was required.

C. Current procedures include the requirement to indicate the date and time of receipt on the bid envelope. Effective immediately we will implement a policy whereby the envelope will be stamped upon receipt. After opening of the bids, the envelope, with the time/date stamp, will be photo copied and the copy attached to the specific bid and/or, when the envelope is small enough, the envelope with the time/date stamp will be directly attached to the specific bid. This will be done by the bid clerk or designee and will be verified by the Purchasing Agent and Director prior to issuance of a contract or purchase order.

D. Our processes have been modified to disallow construction payments where certification precedes the end of the period being reported.

c. Anticipated Completion Date:

June 7, 2007

Finding 4

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Jim Jones
Executive Director of Facilities
Facilities Management Administration
Phone: (662)325-5830

b. Corrective Action Planned:

Our processes will be strengthened to assure construction projects are examined to determine payments due at fiscal year end.

c. Anticipated Completion Date:

June 30, 2007

Finding 5

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Wayne Bland
Interim Associate VP for Finance and Administration
Phone: (662)325-2302

b. Corrective Action Planned:

The University has maintained an active liability on the books since the agreement was made with the MSU Foundation in 1997. In error, a formal lease agreement was never executed. However, numerous amounts of other documentation exists to prove the intent of both parties at the time. Effective January 1, 2006, ownership of MSU securities were transferred to the MSU Foundation in full settlement of the obligation. In the future we will assure that if required, a formal lease document is executed.

c. Anticipated Completion Date:

May 29, 2007

Finding 6

a. Name(s) of Contact Person(s) Responsible for Corrective Action:

Wayne Bland
Interim Associate VP for Finance and Administration
Phone: (662)325-2302

b. Corrective Action Planned:

The Schedule of Expenditures of Federal Awards has been prepared in the same manner for over twenty five years. When we were notified that a different presentation was preferred, we changed the presentation.

c. Anticipated Completion Date:

May 29, 2007

- Finding 7
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:
- A in Bell
Director of Human Resources Management
Phone: (662)325-3713
- b. Corrective Action Planned:
- Policies and procedures are in place relating to the documentation of leave taken by employees. However, policy, procedure, and training will be enhanced to emphasize management's role in the review of leave activity and balances.
- c. Anticipated Completion Date:
- As noted above, the initial procedural change occurred in 2004. Further enhancement of policies, procedures and training will begin July 2007.

Sincerely,


Chief of Staff and Chief Financial Officer