



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

May 29, 2007

FINANCIAL AND SINGLE AUDIT MANAGEMENT REPORT

Dr. Claudia Limbert, President
Mississippi University for Women
W-Box 1600
Columbus, MS 39701

Dear Dr. Limbert;

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi University for Women for the year ended June 30, 2006. The Mississippi University for Women's financial statements are consolidated into the State of Mississippi - Institutions of Higher Learning (IHL) audit report. In addition, an audit of federal awards was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. In addition to auditing certain selected accounts included on the financial statements, our audit procedures included performing state legal compliance tests, federal compliance tests, updating our understanding and documentation of various internal control systems in place at the university, and other procedures we deemed necessary.

These procedures and tests cannot and do not provide absolute assurance that all state and federal legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to insure compliance with legal requirements.

Enclosed are the findings and our recommendations for correction which came to our attention while performing our audit procedures at the Mississippi University for Women as part of our audit of the IHL for the year ended June 30, 2006. The Schedule of Findings and Questioned Costs enclosed includes three sections:

1. Findings Related to the Financial Statements
2. Findings and Questioned Costs for Federal Awards
3. Other Findings

The finding noted in section two will be included in the IHL audit report along with your Corrective Action Plan (CAP) regarding this finding. Section three noted above includes a deficiency in internal controls which came to our attention during our audit that we believe should be brought to management's attention. Because of the materiality threshold for the IHL audit being greater than the materiality threshold at each university considered individually, the Other Findings noted in section three above will not be included in the IHL report. A Corrective Action Plan should be prepared for these findings also. The Corrective Action Plans (CAP) should be submitted to this office within 10 working days from the date you receive this letter. An example of a CAP is included with this letter. Please prepare your CAP in this format. The CAP should provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If you do not agree with the audit findings or believe corrective action is not required, the CAP should include an explanation and specific reason.

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During future engagements, the findings in this management report may be reviewed to insure procedures have been initiated to address these findings.

This report is intended solely for the information and use of management, Members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendations enable the Mississippi University for Women to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi University for Women throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

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

PHIL BRYANT
State Auditor

PB/jg
Enclosures

cc: Dr. Thomas C. Meredith
Mr. Aubrey Patterson
Ms. Nora Miller

(University Letterhead)

Finding Corrective Action Plan Details

Other Findings

- Finding 1
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:
 [Include name, title and phone number of contact person(s).]
 - b. Corrective Action Planned:
 [Describe corrective action that the university plans to take.]
 - c. Anticipated Completion Date:
 [Identify when the university plans to complete the corrective action that it plans to take. If applicable, include anticipated completion dates for steps involved in the corrective action process.]

Sincerely,

Chief Financial Officer

Findings Related to the Financial Statements

Internal Control Over Financial Reporting

In planning and performing our audit of selected accounts included on the financial statements, we considered the Mississippi University for Women's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the IHL and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain deficiencies in internal controls that we have included in the Other Findings section of this Schedule of Findings and Questioned Costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Mississippi - Institutions of Higher Learning (IHL) financial statements are free of material misstatement, we performed tests of the Mississippi University for Women's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of IHL's financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs for Federal Awards

Compliance

We have audited each of the major federal programs of IHL for compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of IHL's major federal programs at the Mississippi University for Women is the responsibility of the Mississippi University for Women's management. Our audit fieldwork included examining, on a test basis, evidence about the Mississippi University for Women's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The results of our auditing procedures and tests disclosed an instance of noncompliance that is required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of the Mississippi University for Women is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit of the IHL's major federal programs at the Mississippi University for Women, we considered the Mississippi University for Women's internal control over compliance with requirements that could have a direct and material effect on a major federal program of the IHL in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the department's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described below is not a material weakness.

**Reportable Condition
Immaterial Noncompliance**

2006-MUW-1 **Controls over Special Tests and Provisions Related to the Return of Title IV Funds Should Be Strengthened**

Finding

Program: Financial Aid Cluster:
Federal Supplemental Educational Opportunity Grants (FSEOG),CFDA 84.007;
Federal Family Education Loans (FFEL), CFDA 84.032;
Federal Perkins Loans (FPL)-Federal Capital Contributions, CFDA 84.038;
Federal Pell Grant Program (PELL), CFDA 84.063;
Federal Direct Student Loans (Direct Loan), CFDA 84.268

Compliance requirement: Special Tests and Provisions

Questioned Cost: Undetermined

Management is responsible for establishing and maintaining effective internal controls over compliance requirements relating to return of Title IV funds. Procedures should be in place to insure that students who have unofficially withdrawn from the university are identified and a determination is made of the amount of Title IV aid, if any, which should be returned by the student and university.

During the audit, a sample of ten students were selected from a listing of 89 students receiving all failing grades for the Fall, Spring and Summer semesters. Five of the ten students selected received student financial assistance. However, the university did not have documentation for three of the five receiving aid that a return of Title IV funds determination/calculation had been performed and applicable funds returned.

The cause of the university's failure to monitor unofficial withdrawals was undetermined.

Failure to monitor unofficial withdrawals could result in Title IV funds erroneously not being returned and result in unallowed cost.

Recommendation

The university should implement policies and procedures to monitor the status of students receiving federal financial assistance. The university should establish procedures to identify those students receiving federal financial assistance who may have unofficially withdrawn from the university and determine the amount of assistance, if any, which must be returned.

Other Findings

The following deficiencies in internal controls came to our attention during our audit that we believe should be brought to management's attention:

1. **Controls over Purchasing Procedures Should Be Strengthened**

Finding

Program: Federal Emergency Management Public Assistance Grant, CFDA #83.544

Compliance requirement: Allowable Costs/Cost Principles

Management is responsible for establishing internal controls which insure that charges to the Federal Emergency Management Public Assistance Grant, CFDA # 83.544 are allowable and in accordance with state purchasing laws.

The following were noted in our examination of expenditures from the Federal Emergency Management Public Assistance Grant:

- A. In one instance, payment was made to an individual rather than to the company which submitted the bid for goods or services.
- B. Documentation was not sufficient to insure that the principal investigator or project director approved all expenditures of the grant.

The cause for the weakness in internal control surrounding the purchase of goods and/or services was undetermined.

Without proper procedures in place to ensure an adequate review and approval of expenditures charged to federal grants is performed, expenditures could be made that are unallowable by the grant.

Recommendation

The university should implement policies and procedures to insure that items purchased comply with State purchasing laws and require that review and approvals by the grant's principal investigator or project director is adequately documented.

2. **Controls over Payment of Expenditures Should Be Strengthened**

Finding

Management is responsible for establishing policies and procedures to insure that amounts paid to a vendor do not exceed the amounts owed and for making a determination that the expenditures are not prohibited by Article 4 Section 66 of the Constitution of the State of Mississippi.

The following were noted in our examination of selected expenditures:

- A. One invoice for \$2,626 was overpaid to the vendor by \$40,000. This overpayment went undetected by university personnel until the overpayment was returned to the university by the vendor.
- B. The university paid a deposit on the purchase of a boat in the amount of \$23,578. The payment of a deposit is unallowable under Article 4 Section 66 of the Constitution of the State of Mississippi.

The cause for this weakness in internal controls surrounding the purchase of goods and/or services was undetermined.

Without adequate policies and procedures in place concerning the payment of expenditures, the university could allow improper payments to be made to vendors such as noted in this finding.

Recommendation

The university should implement policies and procedures to insure that amounts paid for goods and services are made in accordance with State purchasing laws and Article 4 Section 66 of the Constitution of the State of Mississippi. Procedures should also be implemented to insure that amounts paid do not exceed the amounts due for goods and services and that those goods or services have been received prior to payment.

End of Report