



The University of  
Southern Mississippi

Chief Financial Officer

118 College Drive #5005  
Hattiesburg, MS 39406-0001  
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June 1, 2007

Ms. Jamie Goodwin, CPA  
Office of the State Auditor  
Post Office Box 956  
Jackson, MS 39201

Finding                      Corrective Action Plan Details

**Findings and Questioned Costs for Federal Awards**

2006-USM-1 a.      Name(s) of Contact Person(s) Responsible for Corrective Action:

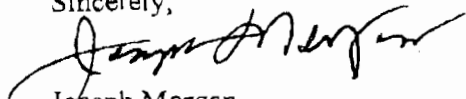
Dr. Julian Allen, Executive Director, (601) 266-5116

b.      Corrective Action Planned:

One of the primary purposes of this project was the purchase of equipment to create a network system with the equipment to be eventually transferred to various member agencies. The original practice of the University was to not officially transfer ownership until the implementation was completed at that member agency. All equipment purchased with grant funds which was to be transferred to other agencies was maintained on an automated inventory system separate from the University's inventory system. This system identified the location of each item of equipment. As of the time of the audit, only the inventory associated with Harrison County had been officially transferred and removed from the grant inventory. This transfer was documented by the board minutes of the Harrison County Board of Supervisors. All remaining inventory to be transferred to member departments has now been officially transferred with written documentation maintained by the grant staff.

c.      Anticipated Completion date:  
May 15, 2007

Sincerely,

  
Joseph Morgan  
Chief Financial Officer



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Southern Mississippi

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Finding

Corrective Action Plan Details

Other Findings:

- Finding 1
- a. Name(s) of Contact Person(s) Responsible for Corrective Action:  
Allyson Easterwood, Controller, (601) 266-4084
  - b. Corrective Action Planned:

The following new procedures have been adopted by Property Accounting to improve controls over the recordkeeping and physical location of equipment inventory:

- Newly purchased equipment meeting the capitalization threshold is tagged at the point of delivery with the following exception:
  - Crated equipment is delivered unopened to the requesting department for safety and liability reasons.

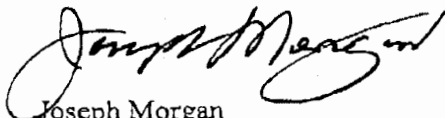
This will ensure equipment is tagged and accounted for in a timely and efficient manner. When the equipment is delivered to the applicable department, a form identifying the responsible party, location of the equipment and other pertinent information is completed by the employee and returned to Property Accounting for entry into the university's inventory system.

- Departmental equipment inventory listings will be distributed to departments on a quarterly basis. Department heads will be required to sign a certification statement that an in-house inspection has been performed and return the statement to Property Accounting. Responses will be logged and tracked. Follow-up will be performed for areas that do not respond in a timely manner.
- The University's Internal Audit Office will perform random audits throughout the year. The auditor will focus on high risk areas. A high risk area is defined as a department that historically has had findings from the State Property Office and/or is unresponsive or noncompliant with property policies and procedures
- Property Accounting will do a thorough review of loan receipts for university owned equipment on a quarterly basis to ensure 100% compliance.
- An updated version of the USM Property Manual will be available on the Controller's Office web site for the campus community. A property accounting list serve has also been created to serve as a primary channel of communication between the property accounting office and departmental contacts for equipment inventory.
- Property Accounting recently upgraded to an on line, real time inventory tracking system, allowing for more timely and accurate reporting.

c. Anticipated Completion date:

May 1, 2007

Sincerely,



Joseph Morgan  
Chief Financial Officer