



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
STATE AUDITOR

September 27, 2017

Limited Internal Control and Compliance Review Management Report

Carey M. Wright, Ed. D.
State Superintendent of Education
Mississippi Department of Education
P.O. Box 771
Jackson, MS 39205

Dear Dr. Wright:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Mississippi Department of Education (MDE) for the Fiscal Year 2015. In these findings, the Auditor's Office recommends MDE:

1. Strengthen Board Oversight;
2. Ensure Compliance with State Law and Strengthen Controls over Procurement;
3. Strengthen Internal Controls over Bank Accounts and Cash Receipts;
4. Ensure Purchases are Properly Documented and Paid; and
5. Strengthen Controls over Leave Policies to Ensure Compliance with State Law.

During our review we extended some testing to additional years in order to gain a better understanding of the processes in place at MDE. Information contained in the report below will reference 2015 and other fiscal years, as necessary.

Please review the recommendations and submit a plan to implement them by October 15, 2017. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

As you are aware, we completed the testwork in relation to this report last fiscal year and were ready to release the report when we were requested to perform additional procedures at MDE due to questioned costs with federal grants. As we looked at transactions during similar time frames, we deemed it necessary to postpone the issuance of this report until both reports could be issued concurrently. We appreciate your patience in this matter.

This report is intended solely for the information and use of management, individuals charged with governance and Members of the Legislature 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.

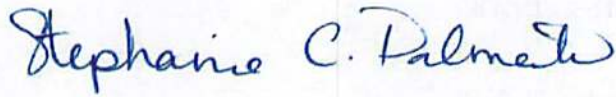
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I hope you find our recommendations enable the Mississippi Department of Education to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is fluid and cursive, with the first name being the most prominent.

STEPHANIE PALMERTREE, CPA, CGMA
Director, Financial and Compliance Audit
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the Mississippi Department of Education for the year ended June 30, 2015.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. 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 ensure compliance with legal requirements.

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 *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. 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 identified certain deficiencies that we consider to be *material weaknesses* in internal control and certain deficiencies that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **MATERIAL WEAKNESS** and **SIGNIFICANT DEFICIENCIES**.

In addition, while performing our review, we noted certain instances of noncompliance with State laws that require the attention of management. These matters are noted under the heading **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**.

MATERIAL WEAKNESS

Finding 1: Board Oversight Should Be Strengthened.

Executive Summary: The Mississippi State Board of Education is tasked with oversight of the State Department of Education, including setting standards and policies for the organization, operation, management, planning, budgeting and programs of the Department. Widespread findings related to procurement, personal service contracts, related party transactions, etc. indicate that the State Board of Education is negligent in performing its oversight function. Lack of appropriate oversight and appropriate "tone at the top" leadership can lead to fraud, waste and abuse.

Recommendation: We recommend the Mississippi State Board of Education provide more effective and appropriate oversight of employees of the Mississippi Department of Education. We recommend the implementation of new controls, policies and procedures where necessary. We wish to place emphasis on the importance of appropriate "tone at the top" leadership.

Detailed Analysis: No single instance of negligent Board Oversight was cited during our review of MDE; however, the actions and findings noted in this report on the following pages indicate a lack of appropriate "tone at the top" leadership when considered in the aggregate.

Additionally, Board approval is required for all contracts totaling \$50,000 or greater (Miss Code Ann. § 37-1-3 Revised 11/2010). As noted in Finding 2 below, contracts that were not properly procured according to State regulations were approved by the Board. The State Board of Education should implement a process to better regulate the procurement and award process for all contracts. Further, the State Board should review contracts falling just below the approval threshold to ensure illegal contract splitting has not occurred and that modifications have not been issued subsequent to initial approval that increase contract amounts above the approval threshold.

MATERIAL WEAKNESSES AND NON COMPLIANCE WITH STATE LAW

Finding 2: Mississippi Department of Education (MDE) Should Ensure Compliance with State Law and Strengthen Internal Controls during the Procurement Process.

Executive Summary: MDE has adopted widespread policies regarding procurement of contractual and personal services in order to circumvent required contract approval by regulatory agencies, both internal and external. Furthermore, MDE has awarded multiple contracts to vendors for duplicative services. These practices have led to substantial waste and abuse of taxpayer funds.

As detailed below, MDE's blatant disregard for procurement regulations and laws has resulted in a number of duplicate payments and possible misappropriation of funds and commodities.

Recommendation: We recommend the Department of Education immediately implement new policies to ensure compliance with State law in regards to procurement. Additionally, we recommend that the Department cease and desist from using the "pool" method of contract approval and reinstitute a competitive bidding process, as prescribed by the Department of Finance and Administration in accordance with state law. We also recommend the Department of Education obtain a ruling from the Ethics Commission regarding prohibitions of contracts with former employees and related parties.

Detailed Analysis:

Criteria:

As established by the Mississippi Legislature by Mississippi Code Annotated § 25-9-120 (3) (a), The Personal Service Contract Review Board (PSCRB) serves to set forth rules and regulations that State Agencies should follow in the procurement of personal services.

Rules established by the PSCRB (effective for fiscal year 2015) set out the following requirements:

- 1) Personal Service Contracts exceeding \$100,000 must be competitively bid;
- 2) Personal Service Contracts totaling or exceeding \$100,000 must be routed to PSCRB for approval;
- 3) Agencies shall adopt operational procedures for procuring contracts when the total contract value is less than \$50,000;
- 4) Contracts which do not exceed \$100,000 shall follow the procedures set forth as "small purchases";
- 5) Approved methods of procurement are as follows:

- a. Competitive Sealed Bids
 - b. Competitive Sealed Proposals
 - c. Competitive Sealed Qualifications
 - d. Alternative Competitive Procurement for Contract Workers when Pricing is Set by the Agency
 - e. Alternative Generally Accepted Procurement Method Approved by the PSCRB.
- 6) Procurement requirements shall neither be artificially divided to avoid using other methods of bid selection nor shall the extent of the service required be underestimated so as to constitute a small purchase. Generally, there should only be one contract within an agency per vendor for a particular service type.

Additionally, PSCRB regulation 6-203 Employee Conflict of Interest states that "it shall be a breach of ethical standards for any employee to participate directly or indirectly in a procurement when the employee knows that...(3)any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement."

Per the *Mississippi Annotated Code (1972) Section 25-4-105 (2)*, "No public servant shall be interested, directly or indirectly, during the term for which he shall have been chosen, or within one (1) year after the expiration of such term, in any contract with the state, or any district, county, city or town thereof, authorized by any law passed or order made by any board of which he may be or may have been a member."

Finding Detail:

POOL METHOD FINDINGS

MDE's internal policies and procedures outline a method of procurement – Pool of Service Providers (Pool Method) – as an alternative procurement method.

The Pool Method consists of service providers with similar cost rates and services to be listed in a "Pool" so that MDE can select a provider in lieu of receiving three (3) written quotes. Per inquiry with MDE staff, the pool method should only be utilized when the services provided by the contract workers are homogenous in nature and share a similar price point. MDE staff gave an example of a test proctor. Rather than request bids for proctors, MDE would maintain a "pool" list, and all proctors on that list would receive \$100 for proctoring an exam – there would be no difference in fee paid; therefore, competitive bidding would not be needed.

Per the State of Mississippi Department of Education Employee Procedures Manual (effective May 1, 2000), Pools of Service Providers must be established under an open process for interested vendors; an established fee schedule should be established and that acceptance to the pool would be determined by program personnel.

During our testwork performed at MDE related to Contractual Services for fiscal year 2015, we noted the following findings in regards to the Pool of Service Providers Method:

- Per inquiry with the Mississippi State Personnel Board, there is no record in the minutes of any PSCRB Board Meeting from fiscal year 2010 to fiscal year 2015

where an alternative method had been requested by or approved for MDE. Therefore, MDE used a method of procurement for personal service contracts under \$100,000 that is/has not been approved by the PSCRB, making it an unlawful method of procurement.

- MDE could not provide copies of established fee schedules when requested by OSA. Providers are only required to provide a resume with the application for acceptance in the pool and are not required to submit a range of or hourly rates charged.
- Qualifications for those providers listed on pools were not homogenous and often included providers ranging from individuals to large-scale consulting firms.
- Admission to the pool for Elton Stokes (services paid in the amount of \$48,000 for one contract) was not correctly authorized or approved by personnel. Mr. Stokes, regardless of lack of approval, was included in both the "Superintendent's Office – Consultant Services" and "Technology Consultants" pools for approved use.
- The same "pool" vendors were selected for multiple contracts in the same fiscal year. In more than one instance only one provider from the pool was ever awarded a contract despite the opportunity for multiple contract awardees.
- Pools did not appear to have been updated in several years. One pool used to award contracts in 2014 had not been updated since 2012 with some providers having original admission dates in 2010.
- Pool for Technology Consultants listed the same consulting company under three different names – the name of the company jointly owned by Elton Stokes Jr, and Sharon Semper and both owners individually.

It appears that the use of the Pool Method circumvents the competitive bidding process as MDE staff personally review the applications, approve the applications, do not set fee schedules, do not contain homogenous listings of providers, and consistently use the same providers for multiple contracts in a fiscal year.

THRESHOLD FINDINGS

During our testwork performed at MDE related to Contractual Services for fiscal year 2015, we noted the following findings in regards to violations of the PSCRB approval process:

- Research in Action/J.P. Beaudoin
 - During the period of May 2013 to June 2014, Research in Action was awarded three separate contracts. The contract periods of these contracts overlapped and were concurrent. For fiscal year 2014, Research in Action was paid \$102,219 for services rendered. Each contract, individually, fell beneath the \$100,000 threshold for competitive bids and PSCRB approval; however, in the aggregate, the contracts exceeded the threshold.
 - All three contracts were procured using the "Pool" method and no competitive bidding or written quotes were obtained by MDE.
 - The scope of services for all three contracts referenced the Student Learning Objectives (SLO's) and the Teacher Evaluation System. The overlapping contract periods and similarities between all three contract scopes indicate that MDE was artificially dividing the services into three separate contracts in order to circumvent the competitive bid process and approval of the PSCRB.

Example:

Contract 14-2201-7003-A844-EA08-002 for \$44,500 scope, as written: "Assist the MDE with providing training, piloting, and developing additional materials on SLO's as a component of the Teacher Evaluation System."

Contract 14-2201-7003-A843-EA08-001 for \$33,500 scope, as written: "Assist the MDE with developing SLO's and business rules as a component of the Teacher Evaluation System"

- During the period of July 2014 through June 2015, Research in Action was awarded three separate contracts. The contract periods of these contracts overlapped and were concurrent. For fiscal year 2015, Research in Action was paid \$166,885 for services rendered. Each contract, individually, fell beneath the \$100,000 threshold for competitive bids and PSCRB approval; however, in the aggregate, the contracts exceeded the threshold.
 - All three contracts were procured using the "Pool" method and no competitive bidding or written quotes were obtained by MDE.
 - The scope of services for all three contracts referenced the school accountability model. The overlapping contract periods and similarities between all three contract scopes indicate that MDE was artificially dividing the services into three separate contracts in order to circumvent the competitive bid process and approval of the PSCRB.

Example:

Contract 15-2201-2003-002 for \$47,125 scope, as written: "Contractor will design, develop, and implement a comprehensive audit process for the state's newly adopted school accountability model"

Contract 15-2201-8901-A8-EA08-543 for \$30,000 scope, as invoiced: "Contractor will design, develop, and implement a comprehensive audit process for the newly adopted school accountability model"

- During the period of February 2015 through June 2015, Research in Action was awarded two separate contracts. The contract periods of these contracts overlapped and were concurrent. For fiscal year 2016, Research in Action was paid \$34,000 for services rendered.
- Owner and founder of Research in Action, J.P. Beaudoin, was hired by MDE as Chief of Research in June 2015 at the conclusion of his existing contracts. J.P. Beaudoin was awarded a salary of \$158,000 and was paid as an employee of MDE until his resignation in October 2016.
- During the period of May 2017 through June 30, 2017, Research in Action was awarded a contract for \$48,076. This contract appears to be in conflict with PSCRB regulations that former employees are prohibited from contracting with the State for one year after the end of employment.

- DataOne Services LLC/Elton Stokes Jr.
 - During the period of August 2014 to June 2015, Elton Stokes Jr. was awarded two contracts for data services. The contracts are not concurrent but rather the second one begins the month after the first contract ends; thereby contracting Mr. Stokes from August 2014 until June 2015 without significant gaps. For fiscal year 2015, Elton Stokes Jr. was paid \$134,400. Each contract, individually, fell beneath the \$100,000 threshold for competitive bids and PSCRB approval; however, in the aggregate, the contracts exceeded the threshold.
 - The original contract with contract period August 2014 through December 31, 2014 was awarded at \$48,000. This contract fell beneath the \$50,000 threshold requiring Board Approval and was awarded using the pool method.
 - The second contract with contract period January 27, 2015 through June 30, 2015 was awarded at \$93,009. This contract was approved by the Board of Education and was awarded using the pool method.
 - The scope of services for both contracts referenced the IT Department and resource management. The contract periods and similarities between contract scopes indicate that MDE was artificially dividing the services into three separate contracts in order to circumvent the competitive bid process and approval of the PSCRB.

Example:

Contract 8200013569 for \$48,000 scope, as written: "Contractor will review the data requirements of the Department and assist the Department in building resources and capacity in the area of data management."

Contract 93679 for \$93,009 scope, as invoiced:

"Contractor will implement an IT Governance strategy which will facilitate alignment of cross office initiatives for better project and resource management."

- Justification for both contracts referenced staff at MDE not having expertise to conduct these IT functions.
- During the period of July 1, 2015 and December 31, 2015, Elton Stokes Jr. was awarded a contract with the original fee of \$48,055 for continued work on the development of a Governance Strategy for better project management. The initial contract was below the \$50,000 for Board Approval and the \$100,000 threshold for PSCRB approval. The contract was awarded using the pool method.
 - In October 2015, the original contract was modified to extend the contract period to June 30, 2016 and to increase the original contract \$25,578 bringing the total contract to \$73,633. The modification exceeded the threshold for Board approval and should have been approved by the Board of Education. However, the contract did not exceed the new threshold implemented by the PSCRB of \$75,000.

- While the contract did not exceed the PSCRB threshold, the modification does indicate that MDE artificially divided the contracts and to underestimate the extent of initial services provided.
- During the period of January 2016 to June 2016, Sharon Semper dba DataOne IT Solutions LLC was awarded a contract in the amount of \$48,240 for work on IT Governance strategy. This contract ran concurrently with Mr. Stokes contract referenced above for the same scope of services. It is important to note that Sharon Semper is the wife of Elton Stokes Jr. Additionally, contract solicitations for the State of Maryland list Elton Stokes Jr. as the main contact for DataOne IT Solutions LLC. Therefore, it appears that Mr. Stokes was awarded two contracts under two separate names for duplicative work at MDE. It is also important to note that the contract for DataOne Services was approved by Dr. John Porter.
- During the period of Mr. Stokes contracts with MDE, Mr. Stokes self-reported on social media that he was the Chief Solutions Strategist at Blue Sky Innovations, a consulting company owned by Dr. John Porter, Chief Information Officer at MDE. It is important to note that Dr. Porter, during this same time period, approved a modification to Mr. Stokes contract in the amount of \$25,578. This appears to be a conflict of interest as defined by PSCRB regulation 6-203 Employee Conflict of Interest.
- Dr. John Porter/Blue Sky Innovations LLC
 - For the period of March 2014 through June 2014, Blue Sky Innovative Solutions, LLC was awarded an initial contract in the amount of \$29,050 for an organizational review of the Office of Management Information Systems (MIS) at MDE. This contract did not exceed thresholds requiring Board Approval nor did it require approval from the PSCRB. This contract was awarded using the pool method.
 - Blue Sky Innovations was accepted into the pool of service providers for Educational Accountability as of February 14, 2014, less than a month before Blue Sky was awarded the contract. The majority of the providers on the pool were admitted in 2012.
 - In May 2014, MDE approved a contract modification to the original contract in the amount of \$69,450 bringing the new total of the contract to \$98,500. The modification did not extend the dates of the contract; however, the cost of the services more than doubled by the modification.
 - For the period July 1, 2014 through June 30, 2015, Blue Sky Innovations was awarded a contract in the amount of \$98,500 for the oversight of the MIS office at MDE.
 - The scope of services for the contract approved July 1, 2014 is identical to the scope of services for Blue Sky's original contract in 2014.
 - In the aggregate, MDE contracted with Blue Sky Innovations for a total of \$197,000 for the oversight of the MIS office at MDE over a

two year period. It appears that MDE artificially divided the contract to circumvent the competitive bid process as required by PSCRB.

- For the period October 2014 through June 30, 2015, Blue Sky Innovations was awarded two separate contracts for services at MDE.
 - A contract in the amount of \$48,500 was awarded in October 2014 for the development of IT Governance Strategy. It is important to note that these same scope of services were under contract with Elton Stokes Jr. concurrently. It appears that MDE contracted for duplicative services for the development of IT Governance Strategy in the amount of \$101,509 in the aggregate.
 - An additional contract was approved in January 2015 in the amount of \$96,454 for the oversight of the OTSS Division at MDE. The OTSS Division had formerly been known as the MIS Division. Blue Sky Innovations was under an additional contract during this same contract period for the oversight of the MIS Division. It appears that MDE paid for duplicative services in the oversight of the MIS/OTSS Division in the amount of \$194,954 in the aggregate.
 - The concurrent nature and similar scopes in contracts for the oversight of the MIS/OTSS Division appear to have been intentional in an effort to artificially divide the procurement services in order to circumvent the PSCRB approval process. While none of the contracts individually exceed the \$100,000 threshold, Blue Sky Innovations was paid \$293,454 for the same scope of services over a two year period.
- Dr. John Porter, owner and founder of Blue Sky Innovations, was hired as the Chief Information Officer in June of 2015 at a salary of \$195,000.
 - It is important to note that one of the additional terms of Blue Sky Innovations contract for \$96,454 was to include a national search for a new CIO at MDE. The search, conducted by Blue Sky Innovations (owned by Dr. John Porter), resulted in Dr. Porter himself obtaining the position.
 - Dr. John Porter terminated the Blue Sky Innovations contract with MDE as of June 2015 when he was hired as the new CIO.
- None of Blue Sky Innovations contracts were ever sent to PSCRB for approval.
- The Kyles Company
 - Amounts paid to The Kyles Company for fiscal year 2015 were initially coded into the MAGIC system as Contractual Services; however, after a review of the invoices submitted for payment, it was determined that the amounts paid were for Commodities and not Contractual Services. This resulted in a \$214,470 classification error on the Financial Statements of MDE for fiscal year ending 2015.
 - MDE could not provide a contract for the commodities or services rendered to The Kyles Company for 2015. When additional information such as the procurement packet was requested from MDE, personnel at MDE stated that

they had no records and that the employee that had approved the purchases was no longer employed. MDE could provide no further documentation other than invoices that were scanned into the MAGIC system.

- MDE paid \$214,469 to The Kyles Company for IT related commodities as detailed below.
 - October 2014 – \$49,300
 - October 2014 - \$49,950
 - December 2014 – \$28,994
 - March 2015 - \$36,700
 - May 2015 - \$49,525

These invoices appear to be a continuation of an agreement with The Kyles Company and MDE for commodities relating to the “All In Learning” initiative. Individually each contract is below the \$50,000 threshold requiring competitive bids for the procurement of goods/commodities; however, in the aggregate, the amount exceeds the thresholds requiring a competitive bid process. Additionally, procurement of IT related goods and services in excess of \$50,000 requires approval from the Department of Information Technology Services (ITS). MDE received no such approval.

- When MDE personnel were asked to account for the whereabouts of the \$214,469 in commodity purchases, personnel stated that the purchases were given directly to school districts and were not tagged or inventoried. MDE personnel could not provide any documentation that the items were actually received or that the quantity of items purchased were delivered. When personnel was asked to provide a list of the districts that should have received the equipment and what, per district, was to be received, MDE personnel could only provide a sign in sheet of a training held for the All in One Learning. No other information from MDE was provided. Without sufficient evidence (i.e. packing slips, approvals, etc.) it is undeterminable if these items were actually received by MDE. Additionally, personnel at MDE approved the payment of these invoices without a visual confirmation that items were received.

SIGNIFICANT DEFICIENCIES AND NON COMPLIANCE WITH STATE LAW

Finding 3: The Mississippi Department of Education (MDE) Should Strengthen Internal Controls Over Bank Accounts and Cash Receipts to Ensure Compliance with State Law

Executive Summary: In order to ensure that State assets (i.e. cash) are effectively and efficiently managed, timely and adequate supervision and control of those assets must be implemented. Lack of controls can lead to misappropriated assets, fraud, waste and abuse.

Recommendation: We recommend the Mississippi Department of Education implement controls, policies and procedures over cash to ensure compliance with laws over their bank accounts and assets. Stringent record keeping should be implemented to ensure that cash is not misappropriated or misplaced.

Additionally, account balances should be maintained as authorized by Department of Finance and Administration (DFA) and the Office of the State Treasurer (Treasury), and transfers to the State Treasury should be made timely in accordance with State law.

Detailed Analysis: During our review of internal controls over bank accounts and cash receipts at MDE, we noted the following problems:

- MDE could not provide authorization letters from DFA for approval of bank accounts.
- For fiscal year 2015, MDE did not report 100% of bank accounts on the GAAP Representation Letter – Schedule A.
- There were three instances out of 30 where cash receipts were not timely deposited. MDE personnel verified when the checks were sent to Treasury; however, there was not a reasonable explanation as to why the checks were held for, on average, 10 days.
- There were four instances out of 20 where overpayments in advancements paid to the School for The Blind and Deaf paid in accordance with MDE policy were not returned to MDE.

Section 7-9-21, Miss. Code Ann. (1972) requires agencies to transfer monies deposited in agency clearing bank accounts to the State Treasury within two days and requires public funds to be deposited into the state treasury by the end of the next business day following the day that funds are collected. Good internal controls require cash receipts to be deposited into the agency's bank account on the day of receipt to reduce the likelihood of loss or theft. Failure to deposit receipts daily could result in the loss of receipts and interest revenue by the state and increases the risk of theft and/or misplacement of funds and noncompliance with State law.

Finding 4: Mississippi Department of Education (MDE) Should Ensure Purchases are Properly Documented and Paid in a Timely Manner

Executive Summary: Multiple instances were noted in which authorization and/or supporting documentation was not properly recorded. State law dictates that timely and proper authorization be present in order to avoid duplicate and fictitious payments.

Recommendation: We recommend the Mississippi Department of Education ensure compliance with state laws over purchase transactions and records by properly documenting and authorizing all purchases. Additionally, purchase orders should be issued and approved prior to the receipt of goods and services and payments should be made within 30 days of receipt of invoice and goods or services.

Detailed Analysis: During our review of commodity and contractual service purchases at the MDE, we noted the following problems:

- Fourteen instances out of 30 contractual services tested in which proper documentation of verification of goods was not properly recorded. Five instances out of 30 in which purchase orders were dated subsequent to the date good and services were received, thereby, circumventing the appropriate approval process.

- Nine instances out of 30 contractual services tested in which payments for contractual services were not made within 30 days of receipt of invoice and good or services as required by state law.
- Seven instances out of 25 commodity purchases tested in which expenditures were not paid within the required 30 days from receipt of goods. Of those seven instances, three were for open purchase orders with multiple invoices. Each of these invoices were tested as part of the original testwork and we noted that an additional 55 invoices were not paid within the required 30 days.
- Twenty-one instances out of 88 tested in which there was no notation/documentation of receipt of goods on the invoice.

Section 31-7-303, Miss Code Ann. (1972) requires that the requisition for payment of an invoice submitted to a public body and required by law to be filed with the State Fiscal Management Board shall be filed with the State Fiscal Management Board not later than thirty (30) days after receipt of the invoice and receipt, inspection, and approval of the goods of services.

Section 31-7-305, Miss Code Ann. (1972) also requires that all public bodies of the state, including those which issue checks and those which file requisitions for payment with the State Fiscal Management Board, shall keep a record of the date of the receipt of the invoice, dates of receipt, inspection, and approval of the goods or services.

Finding 5: Mississippi Department of Education (MDE) Should Strengthen Controls over Leave Policies to Ensure Compliance with State Law.

Executive Summary: During fiscal year 2015, MDE did not properly account for all employee personal, major medical and compensatory leave.

Recommendation: We recommend the Mississippi Department of Education strengthen controls to ensure the accurate and timely reporting of employee leave.

Detailed Analysis: MS Code Section 25-3-95(2)(a) requires: For each absence due to illness of thirty-two (32) consecutive working hours (combined personal leave and major medical leave) major medical leave shall be authorized only when certified by their attending physician. Section 8 of MDE's Employee Procedures Manual mirrors this same requirement. Section 8 requires the employee use one (1) day of accrued personal or compensatory leave (or combination) for each absence due to illness, or leave without pay if the employee has no accrued personal or compensatory leave, prior to the use of major medical leave.

During testwork of personnel, medical and compensatory leave for fiscal year 2015, we noted the following problems:

- Five instances of the ten items tested in which a leave slip was not provided in accordance with MDE policies.
- Two instances out of ten where major medical leave for over 32 consecutive hours was taken in which certifications from the employee's physician were not provided.

End of Report