



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
STATE AUDITOR

April 2, 2026

Single Audit Management Report

Robert Anderson, Executive Director
Mississippi Department of Human Services
200 South Lamar St.
Jackson, MS 39201

Dear Mr. Anderson:

Enclosed for your review are the single audit findings for the Mississippi Department of Human Services for Fiscal Year 2024. In these findings, the Auditor's Office recommends the Mississippi Department of Human Services:

Single Audit Findings

1. Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Temporary Assistance for Needy Families (TANF) Program.
2. Strengthen Controls to Ensure Compliance with Earmarking Requirements of the Child Care Development Fund.
3. Strengthen Controls to Ensure Compliance with the Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.
4. Strengthen Controls Over On-site Monitoring for the Temporary Assistance for Needy Families (TANF) Program.
5. Strengthen Controls over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

Please review the recommendations and submit a plan to implement them by April 8, 2026. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance on each major federal program and the results of that testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. 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 Human Services to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Human Services. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Meade".

Lisa Meade, CPA
Director, Agency Federal Audit
Enclosures

SINGLE AUDIT FINDINGS

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of the State's major federal programs administered by the Mississippi Department of Human Services for the year ended June 30, 2024.

Our procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with *Section 7-7-211, Mississippi Code Annotated (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.

Report on Compliance for Each Major Federal Program

We have audited the Mississippi Department of Human Services's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the federal programs selected for audit that are administered by the Mississippi Department of Human Services for the year ended June 30, 2024.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mississippi Department of Human Services's federal programs.

Auditor's Responsibilities for the Audit of Compliance

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State of Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mississippi Department of Human Services's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mississippi Department of Human Services's compliance with the

compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Mississippi Department of Human Services's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mississippi Department of Human Services's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2024-035**, **2024-036**, and **2024-037** to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2024-038** and **2024-039** to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Mississippi Department of Human Services's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Mississippi Department of Human Services's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Findings and Recommendations

ELIGIBILITY

Material Weakness

Material Noncompliance

2024-035 Strengthen Controls to Ensure Compliance with Eligibility Requirements of the Temporary Assistance for Needy Families (TANF) Program.

ALN Number 93.558 Temporary Assistance for Needy Families (TANF)

Federal Award No. All Current Active Grants

Federal Agency Department of Health and Human Services (HHS)

Pass-through Entity N/A

Questioned Costs \$2,592

Criteria Per the Mississippi Department of Human Services TANF Policy Manual, “Current immunization is a condition of eligibility for TANF children from birth through age 17. Therefore, verification is mandatory.”

Per the Mississippi Department of Human Services TANF Policy Manual, “A 25% sanction of the monthly TANF benefit will be imposed after the 30-day notification period has expired and the caretaker has failed without good cause to obtain the recommended immunizations for the children in their care. The sanction will remain in place until verification of compliance/good cause is provided for all noncompliant children in the assistance budget.”

Per the Mississippi Department of Human Services TANF Policy Manual, “The age limit for a dependent child to receive a TANF benefit is 18. The child will no longer be eligible beginning with the month after his/her 18th birthday, unless the date of birth falls on the first of the month. The child must be under 18 at least one day of the month to be eligible. The date of birth must be verified for each child in the TANF assistance unit.”

Per the Mississippi Department of Human Services TANF Policy Manual, “The procedures for authorization are: 1. All authorization for initial certification and subsequent determinations of eligibility and access to and availability of benefits, will be accomplished through the Authorization of Supervisor (AUSP) screen in MAVERICS. 2. The county director and his/her designee will authorize changes in eligibility and amount of benefits.”

Per the Mississippi Department of Human Services TANF Policy Manual, “The monthly work stipend amount will be determined on a case-by-case basis, based on the scheduled hours per week the participant is scheduled to participate.”

Per the Mississippi Department of Human Services TANF Policy Manual, “When a work stipend is authorized on TSAU, the case manager will request a full or partial payment. JAWS keeps track of the total scheduled hours range and all

payments issued for the benefit month. When the case manager authorizes a payment, JAWS will calculate the appropriate payment amount based on the total scheduled hours range, deduct any previous payments for that benefit month, and pay the balance due.”

Code of Federal Regulations (45 CFR 206.10(a)(1)(ii)) states the agency shall require a written application, signed under a penalty of perjury, on a form prescribed by the State agency, from the applicant himself, or his authorized representative, or, where the applicant is incompetent or incapacitated, someone acting responsibly for him.

Per the Mississippi Department of Human Services TANF Policy Manual, “The appropriate application for TANF transitional services (TCC or TT) must be received within 30 days after the TANF case closes due to earned income.”

Per the Mississippi Department of Human Services TANF Policy Manual, “The individual must provide documentation to verify continued employment and attendance hours as requested by the case manager, but no less than quarterly. The case manager will send a request for continued employment verification no later than the eighteenth day of the last month in the projection period.”

Condition

During testwork performed over eligibility requirements for the Temporary Assistance for Needy Families (TANF) Program as of June 30, 2024, the auditor tested 160 TANF payments and noted the following:

- Four instances (or 3 percent) in which a child’s current immunization status was not verified within 30 days. Full TANF benefits were paid to the recipients, resulting in overpayments.
- One instance (or 1 percent) in which TANF benefits were not reduced promptly once a dependent child reached 18 years old, resulting in an overpayment.
- Two instances (or 1 percent) in which a TANF benefit payment was approved by an unknown authorizer.
- One instance (or 1 percent) in which a transportation work stipend was overpaid based on the recipient’s scheduled hours.
- Four instances (or 3 percent) in which transitional work stipends were paid to recipients without completed applications on file.
- Four instances (or 3 percent) in which transitional work stipend amounts paid to recipients were incorrect based on attendance records. Two of those instances were overpayments based on hours worked while the other two instances lacked any attendance records.

Cause

MDHS did not have adequate internal controls to ensure compliance with eligibility requirements.

Effect	Failure to comply with eligibility requirements could result in ineligible beneficiaries being determined eligible, resulting in questioned costs and the possible recoupment of funds by the federal granting agency.
Recommendation	We recommend MDHS strengthen controls to ensure compliance with eligibility requirements of the Temporary Assistance for Needy Families (TANF) Program.
Repeat Finding	No.
Statistically Valid	Yes.

EARMARKING

Material Weakness *Material Noncompliance*

2024-036	Strengthen Controls to Ensure Compliance with Earmarking Requirements of the Child Care Development Fund.
ALN Number	93.489, 93.575, and 93.596 Child Care Development Fund (CCDF)
Federal Award No.	2101MSCCDF
Federal Agency	Department of Health and Human Services (HHS)
Pass-through Entity	N/A
Questioned Costs	\$138,329
Criteria	The <i>Code of Federal Regulations (45 CFR 98.50)</i> states that no less than three percent shall be used to carry out activities at <i>98.53(a)(4)</i> as such activities relate to the quality of care for infants and toddlers.
Condition	When performing testwork related to earmarking as of June 30, 2024, the auditor noted Infant and Toddler quality expenditures fell below the three percent earmarking requirement.
Cause	Staff were either unaware or did not follow identified policies and procedures for earmarking requirements.
Effect	Failure to comply with earmarking requirements could result in questioned costs and potential recoupment of funds by the federal grant agency, as well as could lead to a reduction in federal award funding in future fiscal years.
Recommendation	We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with earmarking requirements of the Child Care Development Fund.

Repeat Finding No.

Statistically Valid No.

REPORTING

Material Weakness

Material Noncompliance

2024-037 Strengthen Controls to Ensure Compliance with Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.

ALN Number 93.558 Temporary Assistance for Needy Families (TANF)
93.568 Low-Income Home Energy Assistance Program (LIHEAP)

Federal Award No. All Current Active Grants

Federal Agency Department of Health and Human Services (HHS)

Pass-through Entity N/A

Questioned Costs None

Criteria *The Code of Federal Regulations (2 CFR 170, Appendix A((I)(a)(2)(ii)) states a subaward must be reported in FSRS by the last day of the month following the obligation date, which is defined as the date the subaward is signed.*

The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office Standards for Internal Control in the Federal Government (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the entity determining which laws and regulations apply to the entity and setting objectives that incorporate these requirements.

Condition When performing testwork related to Federal Funding Accountability and Transparency Act (FFATA) Reporting as of June 30, 2024, the auditor noted the following exceptions:

- One instance (or 8 percent) for Temporary Assistance for Needy Families (TANF) in which the subaward amount reported on SAM.gov did not match the total award amount listed on the subgrant agreement.
- Eight instances (or 62 percent) for Temporary Assistance for Needy Families (TANF) and six instances (or 100 percent) tested for Low-Income Energy Assistance Program (LIHEAP) in which the reports were not submitted within the required timeframe. 14 instances total shown below.

Transactions Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
20	0	14	1	0
Dollar Amount Tested For Transactions	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$30,263,515	\$0	\$26,209,720	\$445	\$0

Cause MDHS personnel did not ensure timely submission of FFATA reporting.

Effect Failure to report any applicable awards and subawards in a timely manner resulted in MDHS being in noncompliance with federal reporting requirements.

Recommendation We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with Federal Funding Accountability and Transparency Act (FFATA) Reporting Requirements.

Repeat Finding Yes, 2023-016, 2022-019, and 2021-010.

Statistically Valid Yes.

SUBRECIPIENT MONITORING

Significant Deficiency Immaterial Noncompliance

2024-038 Strengthen Controls over On-Site Monitoring for the Temporary Assistance for Needy Families (TANF) Program.

ALN Number 93.558 Temporary Assistance for Needy Families (TANF)

Federal Award No. All Current Active Grants

Federal Agency Department of Health and Human Services(HHS)

Pass-through Entity N/A

Questioned Costs None

Criteria The auditor evaluated MDHS’s compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS’s Division of Program Integrity – Division of Monitoring (DM) to satisfy during-the-award monitoring requirements. DM procedures require: an on-site monitoring/desk reviews of all MDHS subgrants annually for programmatic and fiscal compliance. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed.

The on-site monitoring workpapers are reviewed and approved by DM supervisory personnel prior to issuance of a written report. The Division of Monitoring will issue an Initial Findings Letter within thirty (30) calendar days after the exit conference. The monitoring report will provide a description of each finding of noncompliance, identified questioned costs, and any required corrective action(s) to be taken by the subgrantee. The subgrantee is required to provide a written response to the Division of Monitoring within thirty (30) calendar days of receipt of the Initial Findings Letter. The written response must include a statement of whether the subgrantee agrees with the finding or not, a detailed plan of how the subgrantee will correct each individual finding, and be signed by the Authorized Official or designee.

Additionally, *The Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Manual* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that: the agency perform appropriate multi-level reviews over the monitoring process and the agency ensures timely communication from the subgrantees and timely resolution of findings in order to prevent; detect; and deter fraud, waste, and abuse or the misuse of federal funds.

Condition	When performing testwork over subrecipient on-site monitoring for state fiscal year 2023, we noted one instance out of ten subrecipients tested (or ten percent) in which the Mississippi Department of Human Services did not issue the Initial Findings Letter within 30 calendar days after the exit conference.
Cause	Staff were either unaware or did not follow identified policies and procedures for monitoring requirements.
Effect	MDHS programmatic funding divisions rely upon DM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subrecipients in an effective manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in unresolved questioned costs.
Recommendation	We recommend the Mississippi Department of Human Services' Division of Program Integrity – Division of Monitoring (DM) strengthen controls over subrecipient monitoring. We also recommend the Mississippi Department of Human Services' Office of Compliance - Division of Monitoring perform monitoring reviews over subrecipients as prescribed by the Code of Federal Regulations and MDHS' monitoring policies and procedures.
Repeat Finding	Yes, 2023-017, 2022-017, and 2021-013.
Statistically Valid	Yes.

SUBRECIPIENT MONITORING

Significant Deficiency *Immaterial Noncompliance*

2024-039 Strengthen Controls over Subrecipient Monitoring to Ensure Compliance with Uniform Guidance Auditing Requirements.

ALN Number 93.558 Temporary Assistance for Needy Families (TANF)
93.489, 93.575, 93.596 Child Care Development Fund (CCDF)
93.568 Low Income Household Energy Assistance Program (LIHEAP)

Federal Award No. All Current Active Grants

Federal Agency Department of Health and Human Services(HHS)

Pass-through Entity N/A

Questioned Costs None

Criteria *Code of Federal Regulations (2 CFR 200.512(a)(1))* states the audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

Code of Federal Regulations (2 CFR 200.332(d)(2)) states all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

Code of Federal Regulations (2 CFR 200.332(f)) states all pass-through entities must verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in *200.501*.

Condition When performing testwork related to OMB Single Audit Monitoring as of June 30, 2024, the auditor noted the following:

- Four instances (or 33.33 percent) in which there was no documentation of communication between the agency and the subrecipient regarding

audit reports that had not been received within nine months of the subrecipients fiscal year-end.

- One instance (or 8 percent) in which there was no documentation that a corrective action plan was provided.

Cause Staff were either unaware or did not follow identified policies and procedures for monitoring requirements.

Effect Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in fraud, waste, and abuse within the agency.

Recommendation We recommend the Mississippi Department of Human Services' Division of Program Integrity - Division of Monitoring (DM) strengthen controls over subrecipient monitoring for Uniform Guidance audits to ensure recipients expending \$750,000 or more in Federal funds during their fiscal year are meeting Uniform Guidance Audit requirements.

Repeat Finding Yes, 2023-018, 2022-018, and 2021-014.

Statistically Valid Yes.

End of Report