

Mississippi State University Audit Findings and Response

Issue 1: Time and Effort Reporting

NIFA was unable to conclude that payroll allocations for staff members with split appointments are accurately or inaccurately charged to NIFA grants. We sought to confirm that payroll charges are based on activity performed rather than budget estimates, however we did not find sufficient internal controls to provide us with reasonable assurance that the amounts charged to Federal awards are accurate, allowable, and properly allocated.

MSU Response:

Mississippi State University currently does not have a policy on Time and effort Reporting. Based on the recommendation from NIFA we will review our operating procedures and develop a policy for Time and Effort Reporting. We will take into consideration the recommendations of 1) guidance on how the percentage of effort expended on Federal awards is to be measured, documented and reported, 2) a designation of staff member positions (responsible parties) that are accountable for the review and certification of time and effort reports; and 3) a description of the procedures that constitute a "suitable means of verification." Anticipated completion date: September 30, 2017.

Issue 2: Identification of Capacity Grant Funds in the Accounting System NIFA sought to confirm that capacity funding is not afforded the same treatment as a revolving fund in the MSU financial management system. A revolving fund is a fund (or account) that is continually replenished with subsequent awards, so that funding is available for expenditures without any fiscal year limitations. Capacity funds differ from revolving funds, in that fiscal year limitations are statutorily and institutionally imposed through period of performance requirements. NIFA was unable to determine that MSU is compliant with fiscal year requirements (including carryover) of their capacity funding (Federal and state match) because new awards are not assigned a unique identification number in the MSU financial management. The current fund assignment adequately identifies the federal program, but not the federal award.

Accounting System MSU Response:

MSU's accounting system * will be modified to include a separate fund number for matching funds on federal capacity funds (Hatch, Hatch Multistate, McIntire-Stennis and Smith-Lever). Federal award numbers will be associated with specific federal capacity funds. Beginning and end dates clearly identified for direct capacity funds as well as the associated match funds.