



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

DEPARTMENT OF FINANCE AND ADMINISTRATION
KEVIN J. UPCHURCH
EXECUTIVE DIRECTOR

January 15, 2015

Honorable Stacey Pickering
Mississippi State Auditor
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Pickering:

Mississippi's Accountability System for Government Information and Collaboration (MAGIC) began on July 1, 2014 and was implemented for all state agencies for finance, procurement and grant management functions. We recognize that, as members of management, we are responsible for establishing and maintaining effective controls over central processing of MAGIC to provide reasonable assurance that transactions are properly approved, recorded and processed. This letter will provide you with representations that can be stated as of January 12, 2015 for the period beginning July 1, 2014.

System wide and document level controls were established during the MAGIC blueprint process. As of the July 1, 2014 MAGIC implementation date, a significant number of those controls were implemented. We are in the process of reviewing and revising the current edits as we implement those remaining from the blueprint. For controls not currently in MAGIC, various manual procedures are in place to compensate.

General System Controls

Changes to existing system software and hardware are authorized, tested, approved, properly implemented and documented.

Physical access to the buildings, data center, and operation of the computer, network and related processing equipment and storage media is restricted to authorized personnel.

Computer equipment is protected from environmental factors (e.g., fire, dust, water, excessive heat, loss of power etc.).

Logical access to data files and production programs is restricted to properly authorized individuals and programs.

Adequate procedures exist to minimize the risk of potential damage or service interruption.

Appropriate Backup policies and procedures have been developed and implemented.

Configuration controls were formally considered and documented.

Change Management

Users were involved in developing application system requirements.

Application documentation has been provided to the users.

User training was role based.

Users participated in acceptance testing.

Final Go-live approval was obtained and documented.

The MAGIC Implementation included a documented governance structure.

Project management is responsible for problem reporting and resolution as well as project oversight.

MAGIC Processing and Conversion Controls

Beginning fund general ledger and subsidiary balances from SAAS were converted completely and accurately, including consideration for adjustments during the conversion process, using crosswalk data.

Update access to master data control tables is restricted to authorized personnel based on the data element.

Transactions are initiated within each agency and process in MAGIC as approved by the agency in accordance with application controls.

Invalid transaction data will be rejected during processing.

All transactions receive final approval centrally by the Department of Finance and Administration (DFA) or within the agency before being processed.

Budgetary controls govern transactions.

Transactions process real-time however, payments are generated centrally by DFA.

Duties are segregated within and between the Mississippi Management and Reporting System (MMRS) and control offices within DFA.

We recognize that obtaining representations from us concerning MAGIC is a significant procedure in enabling you to form an opinion about whether our assertion is fairly stated in all material respects. We understand that your examination will be made in accordance with standards established by the American Institute of Certified Public Accountants and will, therefore, be designed primarily for the purpose of expressing an opinion on whether our assertion regarding the effectiveness of general and central processing controls over MAGIC is fairly stated, in all material aspects.

We further understand that your tests of our records and other procedures will be limited to those you consider necessary for that purpose. Our staff will assist you and those with whom you contract in the process of forming your opinion. Please understand that our staff is working with a system that is in its infancy. Processes, policies and procedures within MAGIC and outside of MAGIC are continuing to be reviewed and revised.

Sincerely,



Kevin J. Upchurch