



**State of Mississippi**  
**OFFICE OF THE STATE AUDITOR**  
PHIL BRYANT  
Auditor

October 28, 2004

**Financial Audit Management Report**

J. K. Stringer, Jr., Executive Director  
Department of Finance and Administration  
501 North West Street  
1301 Woolfolk Building, Suite A  
Jackson, Mississippi 39201

Dear Mr. Stringer:

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Department of Finance and Administration – Office of Insurance for the year ended June 30, 2004. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report. The Office of the State Auditor's staff members participating in this engagement included Karlanne Coates, CPA, Laura Griffin, and Lucreta Walker.

The fieldwork for audit procedures and tests was completed on August 31, 2004. These procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit of selected accounts included on the financial statements, we considered the Department of Finance and Administration's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on these accounts and not to provide assurance on the internal control over financial reporting.

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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Department of Finance and Administration – Office of Insurance are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. We are pleased to report the results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Members of the Legislature and federal awarding agencies 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.

I appreciate the cooperation and courtesy extended by the officials and employees of the Department of Finance and Administration – Office of Insurance throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

Phil Bryant  
State Auditor