



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

PHIL BRYANT
AUDITOR

January 9, 2007

Information Systems Management Report

J. K. Stringer, Jr., Executive Director
Department of Finance and Administration
1301 Woolfolk Building
Jackson, Mississippi 39201

Dear Mr. Stringer:

The Office of the State Auditor has completed its limited assessment of the EDP general controls of the Department of Finance and Administration offices of Information Technology, and the Mississippi Management and Reporting System, for the year ended June 30, 2006. This assessment was performed in conjunction with the audit of the financial statements of the State of Mississippi. The Office of the State Auditor's staff members participating in this EDP review engagement were Toby Frazier, CISA., and Mike Ferguson, CISA.

The fieldwork for these assessment procedures was completed on September 29, 2006. These procedures 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 for this or other fiscal years to ensure compliance with legal requirements.

In planning and performing our limited assessment of the EDP general controls, we considered the Department of Finance and Administration's internal control over electronic data processing in order to determine our assessment procedures and not to provide an opinion on the internal control over electronic data processing. These procedures were performed primarily through observations and discussions with Department of Finance and Administration personnel.

Our consideration of the internal control over electronic data processing would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable 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 caused by error or fraud 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 electronic data processing and its operation that, we consider to be a material weakness.


However, we noted an immaterial weakness involving internal control over electronic data processing that requires the attention of management. This matter is noted under the heading IMMATERIAL WEAKNESS IN INTERNAL CONTROL. As part of obtaining reasonable assurance about whether selected EDP general controls of the Department of Finance and Administration were functioning as designed, we performed assessments of compliance with certain regulations and industry best practices. Providing an opinion on compliance with those regulations and practices was not an objective of our assessment and, accordingly, we do not express such an opinion.

Please review the recommendation included in this report and submit a plan to implement it by January 31, 2007. The enclosed finding contains more information about our recommendation.

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

This report is intended solely for the information and use of management 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.

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

Sincerely,

Phil Bryant
State Auditor

Enclosures

**OFFICE OF THE STATE AUDITOR
EDP GENERAL CONTROLS ASSESSMENT
OF THE STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION
AS OF FYE JUNE 30, 2006**

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OFFICE OF THE STATE AUDITOR
EDP GENERAL CONTROLS ASSESSMENT
OF THE
DEPARTMENT OF FINANCE AND ADMINISTRATION
AS OF FYE JUNE 30, 2006

REVIEW OBJECTIVES AND APPROACH

Our review's overall objective was to perform an assessment of the general data processing controls established by management of the Department of Finance and Administration which supports the integrity and security of the state's financial information. To accomplish these objectives, the EDP Audit Section staff of the Office of the State Auditor (OSA):

- Met with Department of Finance and Administration management and the OSA financial auditors to gain an understanding of the critical Department of Finance and Administration EDP systems, processes, and controls;
- Interviewed key Department of Finance and Administration technology personnel;
- Reviewed available documentation of procedures, standards and other evidential matter;
- Performed audit tests to verify the existence and effectiveness of the EDP controls and processes in place to meet the objectives delineated above; and
- Identified any vulnerabilities associated with any weaknesses, if noted, in the control environment.

Our approach was not designed to specifically detect illegalities, fraudulent acts, errors or other irregularities.

STANDARD OF BEST PRACTICES

In this report we may refer to best practice standards that should be achieved by all Information Technology (IT) departments. Specifically, we may mention and endorse the methodology of *Control Objectives for Information and Related Technology* (CobIT) 4.0 of the IT Governance Institute (www.itgi.org) as the industry standard we have selected for the evaluation of the IT control environment. Other similar methodology is the Information Technology Infrastructure Library (ITIL) which is a framework of best practice approaches intended to facilitate the delivery of high quality IT services.

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Instance of Immaterial System Weakness / Deficiency Identified During the Review

We have identified a certain weakness / deficiency during our review of the computer processing controls which we feel is immaterial in nature but believe management should be made aware of. This weakness is presented along with our recommendation for improving such weakness.

The Department of Finance and Administration Should Improve Novell LAN Password Length

Finding:

DFA's Novell LAN as managed by the Office of Information Technology was found to have a system minimum password length setting of five (5). A five character password is considered weak and can more easily lead to exposures of password compromising. *The Mississippi Enterprise Security Policy Section XVII. Passwords Guidelines, Protection of, Bad Examples* states, "Passwords should contain at least eight (8) nonblank characters".

Recommendation:

We recommend that the Department of Finance and Administration improve its Novell LAN settings to require eight characters.

End of Report