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STATE TAX COMMISSION

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February 24, 2010

Stacey E. Pickering, State Auditor
Office of the State Auditor
501 North West Street
Suite 801
Jackson, MS 39201

RE: Information Systems Management Report

Dear Mr. Pickering:

The Mississippi Tax Commission offers the following comments to your limited assessment of the Information Systems (IS) general controls and selected application controls of the agency, including an assessment of the Office of Alcoholic Beverage Control (ABC) as of your report dated February 2, 2010.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL:

1. MSTC Should Implement a Formal IT Management Framework

Finding:

New Titanium Application and Its Security Was Not Documented. During the review of the new Titanium system, security functions and personnel roles were undocumented, and the lack of a formal documented security scheme prevented an effective audit of the application security.

Response:

Titanium is a COTS program; rights and privileges can only be given according to the standard, prescribed program options. Within the program are 1247 privileges; we have *informal* listings of all job descriptions and which privileges each job description has. All formal documentation created by the vendor has been previously provided to you. All requirements and objectives of the new system were created before its purchase or implementation. The agency did extensive testing of all required elements before acceptance of the product. A standard for interfaces with legacy systems is currently being written.

2. MSTC Should Document an Information Security Plan

Finding:

MSTC had no formal information security policy. The Mississippi State Enterprise Security Policy requires all state agencies to have a written information security plan, conduct security risk analysis, implement a data classification scheme, and provide for periodic external security reviews.

Response:

We concur.

3. MSTC Should Create a Disaster Recovery Plan for ABC

Finding:

During the review procedures, it was noted that ABC did not have a formal written disaster recovery plan. Without a tested written disaster contingency plan in place, recovery efforts at ABC could be significantly delayed or even harmed in the event of a disruption, resulting in impaired revenue to the State of Mississippi.

Response:

We concur.

4. MSTC Should Improve Its Physical IT Environment

Finding:

The MSTC physical environment for its computers and security is sub-standard. MSTC's critical systems are housed in built-out rooms within the leased metal building of MSTC headquarters. Although entry to the room is controlled by zoned access cards, the physical protection of the equipment is poor. Roof leaks over the computer rooms are evident by water stained ceiling tiles and discarded water damaged tiles. The building does not have back-up generator power, as do the other large state agencies with computer systems. The computer rooms are not hardened for sufficient protection from severe weather incidents.

At ABC there is no card access system to protect the computer room or the office space, but instead an honor system log is maintained for access to the computer room. Times exist where no staff is present in the computer room, and although a policy exists for the door to be manually locked, this is not always possible to enforce.

Response:

We agree completely.

February 24, 2009
Stacey E. Pickering, State Auditor
RE: Information Systems Management Report

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Our staff is available to furnish any additional information requested or further details concerning this assessment of our EDP general controls and the implementation of suggested changes.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Ed Morgan". The signature is written in a cursive, flowing style with a large initial "J" and "E".

J. Ed Morgan, Chairman
and Commissioner of Revenue