



**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR

**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
J.K. STRINGER, JR.  
EXECUTIVE DIRECTOR

To: The Honorable Haley R. Barbour  
Governor of the State of Mississippi

The Honorable Phil Bryant  
Lieutenant Governor of the State of Mississippi

The Honorable William J. McCoy  
Speaker of the House of Representatives  
State of Mississippi

From: J. K. Stringer, Jr.   
Executive Director  
Department of Finance and Administration

Date: April 10, 2008

Re: Implementation Approach for House Bill #101

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House Bill #101, 2008 Regular Session of the Mississippi Legislature, charges the Department of Finance and Administration (DFA) with the implementation of the *Mississippi Accountability and Transparency Act of 2008* (MATA). Within this letter, DFA outlines the plans for implementation of this Act.

The passage of this act correlates with the strategic planning process that DFA, working with other state agencies, began in early 2006 for replacement and/or expansion of the State's enterprise administrative systems. These systems include the State's accounting system (SAAS), human resource and payroll system (SPAHRs), the data warehouse query and reporting tool (MERLIN), and several additional statewide systems. A continuation of this strategic planning process is the project known as MAGIC – Mississippi's Accountability System for Government Information and Collaboration.

Due to the complexity and criticality of the State's enterprise administrative systems, an agreement for consulting and planning support for MAGIC was awarded in February 2008 to Salvaggio, Teal, and Associates (STA). Detailed planning and analysis for MAGIC has officially begun. DFA will expand the scope of MAGIC to address the requirements of HB101, as well as the requirements placed on the State by the *Federal Funding Accountability and Transparency Act* (FFATA) for State agencies and institutions receiving federal grants.

DFA's approach for compliance and projected implementation of MATA in FY2008 and FY2009 is outlined in the following table; however, TIPRA – the Tax Increase Prevention and Reconciliation Act of 2005, a federal mandate that includes the withholding of 3% of payments made to most government vendors, could significantly alter this schedule. The rules for TIPRA, which has a January 1, 2011 implementation mandate, have not been made public.

| Activity Number | Projected Date | Activity   |
|-----------------|----------------|--|
| 1.              | 5/1/2008       | Complete a contract amendment with STA to address FFATA and MATA requirements not included in the scope of the current agreement for MAGIC planning. The expansion is necessary primarily to meet the additional grants reporting requirements.  |
| 2.              | 7/1/2008       | <ol style="list-style-type: none"> <li>1. Implement a searchable query for all expenditures made in SAAS. All fields in the general ledger record will be available for search. Provisions in SAAS will be implemented to allow agencies to flag payment records for redaction of the vendor name/address if subject to privacy laws.</li> <li>2. Implement a searchable query for all revenue recorded in SAAS. All fields in the general ledger record will be available for search.</li> <li>3. Implement a searchable query for all SAAS project ledger records. All data in the project ledger record will be available for search.</li> <li>4. Implement a searchable query for all employees paid via SPAHRS providing access to name, title, employing agency, and annual salary.</li> <li>5. Implement a searchable query for all contract workers paid via SPAHRS providing access to name, contracting agency, and amount paid fiscal year to date;</li> <li>6. Implement a limited web-based query against all contracts awarded on or after July 1, 2008.               <ol style="list-style-type: none"> <li>a. Agencies will be required to load and maintain the information in this website;</li> <li>b. The query will be publicly available.</li> </ol> </li> </ol> <p>These queries will serve as a temporary means of compliance with MATA until a comprehensive replacement system for SAAS and SPAHRS can be acquired and implemented. That acquisition is the ultimate goal of the MAGIC project.</p> |
| 3.              | 10/1/2008      | <p>Implement a searchable query for all SAAS grant and sub-grant ledger records. All fields in the grant and sub-grant ledger records will be available for search.</p> <p>This query will serve as a temporary means of compliance</p>  |

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|    |            | with FFATA and MATA until a comprehensive Grants Management and Reporting System can be acquired and implemented.   |
| 4. | 11/1/2008  | Finalize a projected cost for MAGIC and prepare an amended budget request to support FY2010 needs.  |
| 5. | 1/1/2009   | Finalize the MAGIC technical and organization impact analysis report. This will include staffing needs, infrastructure, and agency/institution specific issues.   |
| 6. | 03/01/2009 | Award contract for Grants Management and Reporting System.<br><br>Once the Grants Management and Reporting System is implemented, additional data can be made available under FFATA and MATA from a uniform, system perspective.<br><br>Target for implementation of this system is not later than July 1, 2010.  |
| 7. | 06/10/2009 | Finalize a detailed life-cycle funding plan for MAGIC.  |
| 8. | 07/01/2009 | <ol style="list-style-type: none"> <li>1. Finalize the recommendation for a software solution to meet the State's requirements based on "best fit" evaluation of software bids received.</li> <li>2. Finalize the risk identification and mitigation plans.</li> <li>3. Begin process for acquisition of services, and develop deployment, conversion, and implementation timelines for the replacement of the State's current enterprise administrative systems.</li> </ol> <p>Note that FY2010 DFA budget request will assume that MAGIC will be approved and funded.</p> |

Funding of the FY2008 efforts to comply with MATA and FFATA will be accomplished within existing budget authority.

FY2009 efforts can be accomplished within the requested budget for DFA, assuming full funding of DFA's FY2009 budget request.

Funding for FY2010 efforts will be requested assuming that the State will move forward with full implementation of replacement of the State's enterprise systems under MAGIC. The total projected cost of that acquisition over 5 years will be in tens of millions of dollars.

Certain information specified in MATA is not presently available. Additional research and possible further Legislative actions may be required to address some of these. As these issues are clarified, the scope of MAGIC will be revised to accommodate these requirements and the scope of the proposed intermediate options may have to be revised.

Clarifications required:

1. Clarification of scope – our assumption is the reporting scope covers only the core

entities as defined in the State's Comprehensive Annual Financial Report (CAFR) and not the CAFR component units (Institutions of Higher Learning, ports, waterways, etc.) The plan outlined in this memorandum nor the available or projected resources are sufficient to address the inclusion of the component units.

2. Clarification of the intent for capture of purchase orders – purchase orders are seldom issued for contractual agreements in total due to the nature of contracts which span allotment periods and/or fiscal years;
3. Clarification of the term “specific source of authority”;
4. Clarification of the term “type of transaction”;
5. Clarification of only including contracts and grants entered into on or after July 1, 2008 – many contracts and grants are multi-year awards and their termination date could be a number of years in the future. Corresponding issues with amendments to contracts and issuance of purchase orders also must be considered.
6. Clarification on the requirements for inclusion of subcontractor identification and payments – this information is not available, nor is the State legally responsible for payments to subcontractors. The addition of these reporting requirements to all contracts will drive up the costs of those agreements and significantly expand the scope of work to be accomplished.
7. Clarification on the requirement to capture, with appropriate redaction, of searchable electronic images of all contracts and grant awards. The addition of these requirements cannot be adequately scoped at this time nor within the context of MAGIC.

Other items to be addressed by DFA and delegated to agencies as part of the implementation process:

1. Rules for addressing miscellaneous vendor payments. Currently, for one-time vendor payments, only the payment record is maintained.
2. Clarification of the definition of “State Funds”.
3. Rules for capturing a vendor's “principal location”;
4. Rules for management and capture of data for “\$0 contracts” – these are contracts entered into by State agencies with third parties to provide services on behalf of the State, but where the processing fees are paid directly by the consumer;
5. Rules for programmatic redaction of information protected by State or Federal privacy laws;
6. Rules for handling payments made through checking accounts at agencies and institutions. These include, but are not limited to, petty cash, TANF payments to clients, foster care client payments;
7. Rules for reporting of procurement card transactions;
8. Rules for capture of grant and contract numbers – there are currently no requirements for grant and contract numbers at the payment level in SAAS, and they are only required in certain circumstances at the purchase order level;
9. Rules for capture and appropriate redaction for contracts and grant awards;
10. Development of a risk management plan to address TIPRA, other statutory changes (State and Federal) which may impact the longer term of this project, and to address the potential retirement of existing underlying software infrastructure due to issues with existing vendors.

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DFA will continue its pursuits to, not only meet the requirements imposed by HB 101 and other federal mandates, but to do our due diligence in providing for the continuity of state government operations. If you have any questions or would like to discuss this matter further, please contact me.

Cc: Senator Alan Nunnelee, Chairman  
Senate Appropriations Committee

Representative Johnny Stringer, Chairman  
House of Representatives Appropriation Committee