



Management
State of Mississippi Institutions of Higher Learning
Jackson, Mississippi

In planning and performing our audit of the financial statements of the State of Mississippi Institutions of Higher Learning (the System) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements of the System dated February 28, 2023.

Lease Accounting

The System implemented GASB Statement No. 87, *Leases*, during FY22, requiring the measurement and accounting of lease components (as defined by the GASB Statement No. 87) to be recognized in the System's Statement of Net Position as right-to-use assets and liabilities. The System incorrectly included nonlease components (maintenance, for example) in its measurement of lease liabilities, overstating the liability. We recommend the System review its existing leases and ensure components of the lease liability are consistent with the GASB Statement No. 87. Going forward, management should ensure that individuals are properly trained to identify the proper components of the lease liability.

UMMC Accounts Receivable Clearing

During the audit, we noted issues within the posting process for patient accounts receivable that resulted in contractual adjustments being improperly recorded to the statement of net position rather than the statement of activities. The issue was identified during the course of the audit, discussed with management, and resulted in a passed adjustment of approximately \$29 million. We recommend that the System review the cash clearing process to ensure that posting of contractual adjustments are reflected properly on the financial statements in future years.

IT Recommendations

IT recommendations were identified relating to security, passwords, policies, and other miscellaneous items. These matters were communicated directly to the institutions in scope.

Updated GLBA Standards for Safeguarding Customer Information Effective 12/9/2022

Currently, as part of the Single Audit, the DOE requires for CLA to test the following components of the Gramm-Leach-Bliley Act:

1. Designated employee to oversee the information security program.
2. Risk assessment in place that includes:
 - a) Employee training and management
 - b) Information systems, including network and software design, as well as information processing, storage, transmission and disposal
 - c) Detecting, preventing and responding to attacks, intrusions, or other systems failures
3. Safeguards documented for each identified risk in item #2.

In 2021, the FTC officially published changes to the Safeguards Rule, which begin effect on December 9, 2022. While CLA does not know what impact these changes may bring to the Single Audit compliance testing requirement, we want to ensure that you are aware of this compliance change and are prepared come December 2022.

The following changes were made to the items listed above:

1. Designate a qualified individual, internal or external consultant, to oversee the information security program.
2. Written risk assessment, addressing:
 - a) Methodology
 - b) Scope
 - c) Control Effectiveness Assessments
 - d) Risk Remediation Acceptance or Action Plans
3. Identify safeguards over the risks in item #2 including the following:
 - a) Authentication, Access and Principle of Least Privilege
 - b) Data, Personnel and Systems Identification and Management
 - c) Encryption
 - d) Secure Development Procedures
 - e) Multi-Factor Authentication
 - f) Data Management and Disposal
 - g) Change Management Procedures
 - h) Monitoring, Logging and Detecting Procedures

In addition to these changes, which are over the portions of the Safeguards Rule historically tested in the Single Audit, CLA recommends you review the new requirements, including the monitoring of safeguards and consideration of an annual penetration test, among others. Please reach out with any questions.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

* * *

This communication is intended solely for the information and use of management, the board of trustees of the System, and others within the System, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
February 28, 2023