

# FY 2025 Biennial Review of State Agency Procurement

A Report to the Mississippi Legislature  
Report #724  
November 18, 2025



# PEER Committee

Kevin Felsher, Chair

Robin Robinson, Vice-Chair

Chad McMahan, Secretary

## Senators:

Kevin Blackwell

Lydia Chassaniol

Scott DeLano

Dean Kirby

Charles Younger

## Representatives:

Tracy Arnold

Donnie Bell

Cedric Burnett

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Casey Eure

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## Executive Director:

James F. (Ted) Booth

## About PEER:

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



# Joint Legislative Committee on Performance Evaluation and Expenditure Review

## PEER Committee

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P.O. Box 1204 | Jackson, Mississippi 39215-1204

### Representatives

Kevin Felsher  
Chair

Tracy Arnold

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Casey Eure

Kevin Ford

November 18, 2025

Honorable Tate Reeves, Governor

Honorable Delbert Hosemann, Lieutenant Governor

Honorable Jason White, Speaker of the House

Members of the Mississippi State Legislature

On November 18, 2025, the PEER Committee authorized release of the report  
titled ***FY 2025 Biennial Review of State Agency Procurement***.

### Senators

Robin Robinson  
Vice Chair

Chad McMahan  
Secretary

Kevin Blackwell

Lydia Chassaniol

Scott DeLano

Dean Kirby

Charles Younger

A handwritten signature in dark ink that reads "Kevin W. Felsher".

Representative Kevin Felsher, Chair

### Executive Director

James F. (Ted) Booth

This report does not recommend increased funding or additional staff.

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**CONCLUSION:** MISS. CODE ANN. Section 5-3-72 (1972) requires PEER to evaluate on a biennial basis the procurement process used by all state agencies. During a review of state agencies to determine the impact of H.B. 540, which are currently inconclusive, PEER became aware of an issue regarding WFP's use of Paylt as an alternate payment processor since it was not approved by DFA. Currently there is no final ruling on whether WFP has the authority to continue utilizing Paylt, as neither DFA nor EOC have granted Paylt as an authorized alternative. WFP has informed PEER that it has decided to cease using Paylt as its alternate payment processor and will instead use Tyler Technologies, the state's approved payment processor. PEER maintains that clarity in the roles and rules of each entity (DFA, ITS, and EOC) is needed on which entity currently has, or should have, the final approval or disapproval when an agency requests to use an alternate payment processor.

### BACKGROUND

MISS. CODE ANN. Section 5-3-72 (1972) requires PEER to evaluate on a biennial basis the procurement process used by all state agencies. Upon completion of this evaluation, the PEER Committee shall submit a report to the Legislature with its recommendations for improving the procurement process. To conduct this review, PEER interviewed staff from DFA, DMR, MDA, ITS, and WFP, reviewed sections of state and federal law, and reviewed policies maintained by DFA and ITS.

This review focuses on the efficiency and effectiveness of H.B. 540 which was passed during the 2023 Regular Legislative Session involving four pilot state agencies. While looking at these agencies, PEER became aware of an issue regarding WFP's use of an alternate payment processor, which was not approved by DFA, for the sales of licenses (e.g., hunting and fishing) through its recreational licensing system.

### KEY FINDINGS

#### Efficiency and Effectiveness of H.B. 540

- **In 2022, PEER found inefficiencies in the state's procurement process. Therefore, in 2023, PEER recommended that the Legislature amend state law.** Inefficiencies pertained to expenditures made by agencies to correct errors when their procurements were disapproved and in instances wherein agencies converted procurements into emergency contracts when procurement best practices violations were found.
- **During the 2023 Regular Legislative Session, the Mississippi Legislature amended state law via H.B. 540 to provide that DFA conduct personal and professional services solicitations for four pilot agencies.** DFA established the Office of Statewide Strategic Sourcing to administer the solicitation process for the four agencies. Serving primarily as a project manager, the goal of this office is to make the procurement process more efficient by eliminating delays caused by technical deficiencies. As of the time of PEER's review, DFA reported that it had not canceled or re-solicited any procurements due to technical, legal, or regulatory deficiencies for the four agencies.
- **DFA created the Office of Statewide Strategic Sourcing to serve as the project manager and provide oversight during the procurement process for the four pilot agencies.** This would ensure that solicitations meet the technical requirements of Mississippi procurement law. The intent of this office is to help make the procurement process more efficient by eliminating delays caused by technical deficiencies.
- **Because H.B. 540 was not implemented until July 1, 2024, PEER determined that only three procurements met the criteria eligible for review—one from DMR and two from MDA.** PEER sought to compare the cost efficiency and duration of the three procurements that occurred after the implementation of H.B. 540 to those prior to its implementation. However, the results of PEER's analysis were varied and showed no clear pattern due to the limited number of procurements and lack of available data (e.g., the number of hours agency staff worked on individual procurements). Therefore, the results on the impact of H.B. 540 on the efficiency and effectiveness of the procurement process are currently inconclusive.



## Concerns with WFP's Alternate Payment Processor

- After executing its contract for a recreational licensing system, WFP sought to have its contractor (i.e., S3/Paylt) build the licensing system using an alternate payment processor (i.e., Paylt) despite the contract requiring that it use the state's approved payment processor (i.e., Tyler Technologies).

WFP did not adhere to DFA policies requiring that an agency submit a request to use an alternate payment processor prior to entering into the procurement process. WFP then submitted a request after the procurement process had been completed, but DFA did not approve the request. Subsequently, WFP executed an emergency contract with Paylt as the alternate payment processor for its recreational licensing system.

- The improper use of EOC fees can potentially jeopardize WFP's federal funding.

Federal and state law require that revenue received through the sale of hunting and fishing licenses be used for conservation; however, EOC fees are being applied to these licenses and are therefore being used to support Tyler. Although WFP is not using Tyler as its payment processor it is still supporting Tyler through EOC fees because Tyler's contract with the State of Mississippi requires that it be compensated based on EOC fees collected. PEER contends that using Paylt worsens the potential jeopardization of WFP's federal funding because in this scenario the EOC fees WFP's customers pay for the purchase of recreational licenses do not benefit conservation efforts in the state.

- DFA's administrative rules are inconsistent and outdated.

Currently DFA has the official final authority on such approvals. However, DFA maintains two sets of policies for agencies' use of electronic payments. Although an official version of DFA's policies exists as part of the Mississippi Management Reporting System, it has been using an older version of those policies, both of which are outdated. These outdated policies have resulted in confusion among agencies, particularly in instances where practices differ from what is stated in policy. Further, these issues are exacerbated by the loss of staff with technological expertise on electronic payments within DFA and an agency's ability to bypass competitive bid requirements under ITS emergency procurement rules.

- WFP appears to have made improper use of an emergency contract.

WFP did not have the prior approval to use Paylt as its alternate payment processor and therefore it used the emergency purchase procedure through ITS in lieu of the proper procurement process, which is against the intent of the administrative code established by DFA. PEER questions the validity of the emergency contract as it does not appear to qualify as an "emergency" as defined by MISS. CODE ANN. Section 31-7-1(f) (1972).

- The use of an unauthorized payment processor creates potential weaknesses in data security.

The use of an unauthorized alternate payment processor lacks the security assurances that are provided by the state's approved payment processor. Although DFA requires that an agency seeking to use an alternate payment processor submit the appropriate PCI-DSS Attestation of Compliance documentation to DFA, DFA does not have staff knowledgeable of PCI-DSS matters.

## RECOMMENDATIONS

- DFA should monitor cost and time data for OSSS staff to determine the effectiveness and efficiency of H.B. 540. DFA should also require that each agency for which it oversees the procurement process submit its own cost and time data to DFA.
- To address the procurement and security issues set out in this report, the Legislature should amend Sections 25-53-5 and 27-104-33, to vest sole authority in the Department of Information Technology to review and approve all procurements and related contracts for electronic payments by credit, charge or debit cards and related services.
- The Department of Wildlife, Fisheries, and Parks should cease using Paylt for processing transactions and instead use the state's approved payment processor, Tyler Technologies.



# FY 2025 Biennial Review of State Agency Procurement

## Introduction

### Authority, Scope, and Purpose

MISS. CODE ANN. Section 5-3-72 (1972) requires the Joint Committee on Performance Evaluation and Expenditure Review (PEER) to evaluate on a biennial basis the procurement process used by all state agencies. Upon completion of this evaluation, the PEER Committee shall submit a report to the Legislature with its recommendations for improving the procurement process.

The PEER Committee conducted this review pursuant to the authority granted by MISS. CODE ANN. Section 5-3-51 (1972) et seq.

### Method

To conduct this review, PEER:

- interviewed staff from the following state agencies:
  - the Mississippi Department of Finance and Administration (DFA);
  - the Mississippi Department of Marine Resources (DMR);
  - the Mississippi Development Authority (MDA);
  - the Mississippi Department of Information Technology Services (ITS); and,
  - the Mississippi Department of Wildlife, Fisheries, and Parks (WFP);
- reviewed sections of state and federal law; and,
- reviewed policies maintained by DFA and ITS.

### Scope Limitation

This review focuses on the efficiency and effectiveness of H.B. 540 which was passed during the 2023 Regular Legislative Session involving four pilot state agencies. While looking at these agencies, PEER became aware of an issue regarding WFP's use of an alternate payment processor, which was not approved by DFA, for the sales of licenses (e.g., hunting and fishing) through its recreational licensing system.

# Evaluation of Efficiency and Effectiveness of H.B. 540

This chapter provides:

- the origins of H.B. 540;
- the implementation of H.B. 540;
- the establishment of the Office of Statewide Strategic Sourcing; and,
- a comparative analysis of agency efficiency before and after implementation of H.B. 540.

## Origins of H.B. 540

In 2022, PEER found inefficiencies in the state's procurement process, particularly regarding expenditures made by agencies to correct errors when their procurements were disapproved; and in instances wherein agencies converted procurements into emergency contracts when procurement best practices violations were found. Therefore, in 2023, PEER recommended that the Legislature amend state law to require DFA to conduct personal and professional services solicitations for selected agencies.

A 2022 PEER Report, *A Review of State Agency Procurement* (Report #672, September 13, 2022) noted inefficiencies regarding some agencies' application of and compliance with personal services contracting best practices and other legal standards governing the procurement of such services. Specifically, the report pointed out that of the 123 personal or professional services procurements submitted to the PPRB for approval between January 2018 and June 2022, 91 were approved and 32 were disapproved.

As further noted in PEER Report #672, when a request is disapproved, the agency must respond by investing additional funds to correct the errors. PEER determined that procurements that were not approved cost an estimated \$271,188 to the procuring agency (e.g., staff salaries, fringe benefits).

Additionally, DFA found that in nine instances in which best practices violations were found, the agencies responded by converting the procurements to emergency procurements, resulting in an expedited timeframe and little oversight from PPRB or other agencies.

Because of these findings, a subsequent PEER Report, *Opportunities for Implementing Increased Centralization in Procurement*, (Report #683, January 2, 2023) recommended that the Legislature amend MISS. CODE ANN. Section 27-104-7 (1972) to provide that the Public Procurement Review Board (PPRB) require that DFA perform all things necessary to conduct personal services contracting solicitations in excess of \$75,000 for select pilot agencies.

## Implementation of H.B. 540

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During the 2023 Regular Legislative Session, the Mississippi Legislature amended state law via H.B. 540 to provide that DFA conduct personal and professional services solicitations for four pilot agencies. Therefore, DFA established the Office of Statewide Strategic Sourcing to administer the solicitation process for the four agencies. Serving primarily as a project manager, the goal of this office is to make the procurement process more efficient by eliminating delays caused by technical deficiencies. As of the time of PEER's review, DFA reported that it had not canceled or re-solicited any procurements due to technical, legal, or regulatory deficiencies for the four agencies.

The Legislature responded to PEER's recommendation by amending MISS. CODE ANN. Section 27-104-7 to provide that DFA conduct personal and professional services solicitations for the Department of Marine Resources (DMR); the Department of Wildlife, Fisheries, and Parks (WFP); the Mississippi Emergency Management Agency (MEMA); and the Mississippi Development Authority (MDA).

During the 2023 Regular Session, the Mississippi Legislature passed H.B. 540, which, in part, states the following:

*From and after July 1, 2024, the Public Procurement Review Board shall promulgate rules and regulations that require the Department of Finance and Administration to conduct personal and professional services solicitations...for those services in excess of seventy-five thousand dollars (\$75,000.00) for the Department of Marine Resources, the Department of Wildlife, Fisheries and Parks, the Mississippi Emergency Management Agency, and the Mississippi Development Authority, with assistance to be provided from these entities.*

## Establishment of the Office of Statewide Strategic Sourcing

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DFA created the Office of Statewide Strategic Sourcing to serve as the project manager and provide oversight during the procurement process for the four pilot agencies, ensuring that solicitations meet the technical requirements of Mississippi procurement law. The intent of this office is to help make the procurement process more efficient by eliminating delays caused by technical deficiencies.

DFA carried out this statutory mandate by establishing the Office of Statewide Strategic Sourcing (OSSS) to administer the solicitation process for the four pilot agencies. Start-up costs for OSSS included only salaries for two positions and office supplies. According to DFA, although it was allocated two positions to establish its OSSS, more positions will be needed as the scope of work and number of agencies it serves increases.

### Duties of OSSS

OSSS works with each agency at the beginning of a procurement project in order to develop a solicitation. OSSS primarily serves as a project manager and provides oversight during the

procurement process, ensuring that the solicitation meets the technical requirements of Mississippi procurement law. The intent of OSSS is to help make the process more efficient by eliminating delays caused by technical deficiencies.

Although OSSS has not yet drafted any formal rules regarding its roles and responsibilities, it did provide PEER with its process and a list of functions typically followed by the agencies and by OSSS, as shown in Appendix A on page 23.

#### **Intent of OSSS is to Increase Efficiency**

DFA contends that the Legislature created OSSS to ensure procurements consistently meet the minimum requirements under the law and applicable regulations the first time the procurement is conducted. OSSS is staffed exclusively by professionals dedicated to procurement while most soliciting agencies lack full-time procurement staff. Procurements that are led by OSSS avoid the extra thirty-day oversight period required of other procurements before reaching PPRB, thus potentially improving timeliness. According to DFA, while its hope is that OSSS will improve procurement timeliness, the primary value of OSSS lies in preventing procurement cancellations and subsequent re-solicitations caused by technical, legal, or regulatory deficiencies that occur during the procurement process. These cancellations and re-solicitations can sometimes delay the procurement process by three to eight months. During its review, DFA reported that OSSS had not canceled or re-solicited any procurements due to technical, legal, or regulatory deficiencies.

## **Comparative Analysis of Agency Efficiency Before and After Implementation of H.B. 540**

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Because H.B. 540 was not implemented until July 1, 2024, PEER determined that only three procurements met the criteria eligible for review—one from DMR and two from MDA. PEER sought to compare the cost efficiency and duration of the three procurements that occurred after the implementation of H.B. 540 to those prior to its implementation. However, the results of PEER's analysis were varied and showed no clear pattern due to the limited number of procurements and lack of available data (e.g., the number of hours agency staff worked on individual procurements).

Although H.B. 540 was enacted on July 1, 2023, it was not implemented until July 1, 2024. Therefore, only three procurements met the criteria eligible for PEER review. The following sections discuss the criteria for determining eligible procurements for review and the impact of H.B. 540.

#### **Methodology**

H.B. 540 specified four agencies to take part in this pilot program: DMR, MDA, MEMA, and WFP. In consultation with DFA, PEER determined that only three procurements (one from DMR and two from MDA) would have been subject to the parameters set by H.B. 540. For example, only those three procurements met the following requirements:

- the procurement was initiated on or after the date that H.B. 540 was implemented (July 1, 2024);

- the procurement was for personal or professional services;
- the procurement was above \$75,000; and,
- the procurement was not exempt from PPRB purview.

DFA also provided PEER with one comparable procurement from MDA and one comparable procurement from DMR procured prior to the implementation of H.B. 540 for comparison.

### **Impact of H.B. 540**

PEER sought to compare the cost efficiency and duration of the three procurements that occurred after the implementation of H.B. 540 to those prior to its implementation. PEER requested the number of staff, annual salaries, hours worked, and total duration of the procurement process from DFA, DMR, and MDA for the procurements that occurred before and after implementation of H.B. 540.

While DFA, DMR, and MDA each provided data showing the number of staff, annual salaries, and the total duration of the procurement process for these procurements, only MDA provided additional data showing the number of hours each staff member spent on each procurement.

Regarding the efficiency of the procurements, the duration of the procurement process and the number of staff who worked on the procurements varied and showed no clear patterns. For example, of the two procurements PEER reviewed for MDA after implementation of H.B. 540, one utilized the same number of staff throughout the process while the other utilized less. In addition, the duration of the overall process for these two procurements averaged around five to six months, which is roughly equivalent to the duration prior to implementation. In contrast, DMR noted that its only post-H.B. 540 procurement took twice as long as the comparison procurement.

Regarding the cost-effectiveness of the procurements, MDA noted a wide difference in the number of staff hours utilized during the procurement process for the two eligible for review after implementation of H.B. 540. One of the two procurements required approximately 55 staff hours while the other required approximately 102 staff hours in comparison to the pre-H.B. 540 procurement that required approximately 102 staff hours. This resulted in a cost-savings for one procurement with an equivalent cost for the other. While DMR did not track staff hours for its single procurement, it noted that the procurement was likely more costly due to the increased duration of the procurement process.

Therefore, the results on the impact of H.B. 540 on the efficiency and effectiveness of the procurement process are inconclusive at this time. As more eligible procurements are processed by OSSS, more data will be available to analyze in future reviews.

# Concerns with the Alternate Payment Processor for the Mississippi Department of Wildlife, Fisheries, and Parks

This chapter provides:

- an overview of the concern;
- an explanation of the lack of clarity in oversight and administrative rules; and,
- an overview of potential concerns with continued use of the alternate payment processor.

## Overview of the Concern

After executing its contract for a recreational licensing system, WFP sought to have its contractor (i.e., S3/PayIt) build the licensing system using an alternate payment processor (i.e., PayIt despite the contract requiring that it use the state's approved payment processor (i.e., Tyler Technologies). WFP did not adhere to DFA policies requiring that an agency submit a request to use an alternate payment processor prior to entering into the procurement process. WFP then submitted a request after the procurement process had been completed, but DFA did not approve the request. Subsequently, WFP executed an emergency contract with PayIt as the alternate payment processor for its recreational licensing system.

During its review, PEER became aware of a procurement issue regarding the payment processor WFP is using for the sales of its hunting and fishing licenses through its online recreational licensing system.<sup>1</sup> The issue originated in 2022 when ITS issued a request for proposals (RFP) on behalf of WFP to develop a new recreational licensing system.

### Background

While technology-related procurements are administered through ITS, DFA's administrative rules establish how state agencies must conduct electronic payments under the Mississippi Management Reporting System (MMRS)<sup>2</sup> and maintain compliance with payment card industry-data security standards (PCI-DSS). Further, the Electronic Government Oversight Committee (EOC) oversees the implementation of e-government and related technology initiatives. One of the responsibilities of EOC includes monitoring and providing guidance to the state's approved payment processor, which has been Tyler Technologies since 2010. The following sections discuss

<sup>1</sup> WFP's recreational licensing system includes point-of-sale (POS) hardware and software; licensing processing for hunting, fishing, boating, lake permits, and waterfowl stamps; Mississippi Outdoors magazine subscription; and functions related to enforcing the rules of hunting and boating practices.

<sup>2</sup> MISS. CODE ANN. Section 7-7-3 (1972) established MMRS for the purpose of creating and maintaining a central repository of current, accurate, and relevant management information. It provides financial management and human resource information to state agencies.



the role of each entity and how WFP ultimately entered into an emergency contract with an alternate payment processor (i.e., PayIt) through ITS procurement rules and regulations without the required approval by DFA.

### **Role and Responsibilities of ITS**

MISS. CODE ANN. Section 25-53-5 (d) (1972) authorizes ITS to administer technology-related procurements (e.g., licensing system) and states that it “shall adopt rules, regulations, and procedures governing the acquisition of computer and telecommunications equipment and services...”

MISS. CODE ANN. Section 25-53-151 (1972) states that ITS will provide administrative support for EOC. According to ITS, two of its staff members provide administrative support by helping with the agenda, minutes, and the EOC website.

The ITS procurement handbook, Rule 207.6 states that there are two classes of emergency contracts. A “Type 1” emergency threatens the health or safety of any person or protection of property and does not require ITS approval but requires that documentation be filed after the emergency purchase. A “Type 2” emergency requires prior approval by ITS should the executive head/president of the agency or public university seeking the contract determine the emergency is detrimental to the interests of the state before the emergency purchase occurs.

### **Role and Responsibilities of DFA**

MISS. CODE ANN. Section 27-104-103 (1972) designates DFA as the primary administrator over public procurement and grants it broad authority over fiscal management of the state, which includes the approved payment processor (i.e., Tyler). Accordingly, any procurement that involves a payment system must adhere to both DFA and ITS procurement procedures and DFA’s administrative rules.

DFA’s administrative rules establish how state agencies must conduct electronic payments under MMRS and maintain compliance with PCI-DSS. According to DFA’s *State of Mississippi e-Payment Guide*, PCI-DSS compliance is a mandatory requirement for all transactions involving major credit card vendors, online merchants, and service providers. Its purpose is to create common industry security requirements to protect cardholders’ data. The standard was developed by the founding payment brands of the PCI Security Standards Council, including MasterCard, Visa, American Express, Discover, and others, to help facilitate the broad adoption of consistent data security measures on a global basis.

DFA administrative rules also state that a request to use an alternate payment processor will be submitted to DFA. Once an agency submits such a request, the executive directors of DFA and ITS decide whether to bring the request before the EOC committee for consultation. However, DFA has the final authority on whether to approve the request for an alternate payment processor.

### **Role and Responsibilities of EOC**

MISS. CODE ANN. Section 25-53-151 (1972) established EOC to oversee the implementation of e-government and related technology initiatives. According to statute, EOC shall advise and provide direction to DFA to develop a procurement portal that will enable potential vendors of goods and services to access relative and necessary

information related to the sale of commodities, contractual personnel, and computer equipment and services to the state.

Other specific EOC responsibilities include the following:

- to prioritize and make recommendations for all electronic government services in order to cut across state and local governmental organizational structures;
- to address policy issues such as privacy, security, transaction fees, and accessibility;
- to review ongoing fiscal and operational management and support of the portal;
- to provide a mechanism for gathering input from citizens, businesses, and government entities;
- to encourage self-service models for citizens through state websites and other electronic services; and,
- to promote economic development and efficient delivery of governmental services by encouraging governmental and private sector entities to conduct their business and transactions using electronic media.

From FY 2018 through FY 2025, EOC was composed of members from the following seven agencies:

- Information Technology Services;
- Office of the State Auditor;
- Office of the State Treasurer;
- Secretary of State;
- Department of Finance and Administration;
- Department of Public Safety; and,
- Department of Revenue.

Beginning in FY 2026, a representative for WFP and a representative for the Mississippi Department of Archives and History were added to the Committee membership.

#### **Timeline of the Alternate Payment Processor Procurement Process with WFP**

The timeline on page 9 provides a summary of how WFP first entered into a contract for a recreational licensing system with Sovereign Sportsman Solutions (S3) and ultimately resulted in an emergency contract with S3/Paylt for payment processing services rather than the state's approved payment processor Tyler.

### Timeline for WFP Payment Processor Procurement

**November 8, 2022**

- ITS, on behalf of WFP, posted an RFP for the design and programming of a new recreational licensing system.

**February 28, 2023**

- S3 submits proposal noting it will not have any issues integrating with the state's established payment processor.

**May 11, 2023**

- ITS issues the notice of award to S3, contingent upon ITS Board approval and successful contract negotiations.

**May 16, 2023**

- Paylt began the process of acquiring S3.

**May 18, 2023**

- ITS Board approved joint recommendation by ITS and WFP to select S3 as the official vendor.

**July 10, 2023**

- Paylt finalized its acquisition of S3.

**September 15, 2023**

- The new licensing system contract between ITS, WFP, and S3/Paylt is signed.

**May 10, 2024**

- WFP submitted a letter dated May 10, 2024, to staff of EOC members to waive EOC fees for its new licensing system and intended to obtain permission to utilize Paylt as its permanent alternate payment processor through this request. The letter was received on May 20, 2024. However, EOC made no ruling on the permanent alternate payment processor request.

**December 9, 2024**

- WFP submitted a complete request to DFA to use Paylt as its alternate payment processor for its new licensing system. Because DFA policy only allows for alternate payment processor requests to be submitted before the RFP is awarded to a vendor, it never made an official decision on the matter.

**February 2025**

- WFP executed an emergency one-year contract with S3/Paylt in February 2025 for \$470,294 for payment processing services for the new licensing system.

On November 8, 2022, ITS, on behalf of WFP, posted an RFP for the design and programming of a new recreational licensing system. The RFP issued by ITS stated that vendors must use the state's official payment processor, NIC Mississippi, which subsequently became Tyler Technologies<sup>3</sup> (hereafter referred to as "Tyler" in this report). According to DFA, Tyler has been the state's approved payment processor since 2010. However, the RFP specified that if a vendor believed

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<sup>3</sup> Tyler Technologies acquired NIC (formerly known as Mississippi Interactive LLC), with the merger being finalized on April 21, 2021. Some documents continue to refer to Tyler Technologies as NIC/Mississippi Interactive past this date.

using the state's payment processor was not technically possible or presented an undue burden, it must provide a detailed explanation of the issue in its proposal response. According to both WFP and S3's proposal, S3 did not provide a request for or explanation to use an alternate payment processor when it submitted its proposal. According to its proposal, S3 noted that it would not have any issues integrating with the state's established payment processor.

Of the four parties that responded to the RFP, only S3 met the minimum qualifications. On May 11, 2023, ITS issued the notice of award to S3 for \$8,987,406, contingent upon ITS Board approval and successful contract negotiations. On May 16, 2023, Paylt, a platform for government services and payment systems, began the process of acquiring S3. On May 18, 2023, the ITS Board approved the joint recommendation by ITS and WFP to select S3 as the official vendor. According to Paylt, its acquisition of S3 was finalized by July 10, 2023. ITS then assisted WFP with drafting the official contract between WFP and S3 d/b/a Paylt,<sup>4</sup> with the final contract being signed by all parties on September 15, 2023.

After entering into the contract with WFP, S3/Paylt then began constructing the recreational licensing system according to the specifications in the contract (i.e., intending to use Tyler as its payment processor). However, WFP noted that when attempting to technologically integrate S3/Paylt's system with that of Tyler, technical limitations emerged. According to WFP, because Paylt could also operate as a payment processor, it sought approval to utilize it as the alternate payment processor from EOC. While DFA has the ultimate authority on approval of an alternate payment processor, WFP sought the approval from EOC in lieu of DFA as EOC had approved temporary waivers for the use of alternate payment processors in the past despite no formal authority.<sup>5</sup> On May 10, 2024, WFP submitted a letter to staff of EOC members to waive the EOC fees for its new recreational licensing system and intended to obtain permission to utilize Paylt as its permanent alternate payment processor through this request. The letter was received on May 20, 2024. However, EOC made no ruling on the permanent alternate payment processor request.

Since no action was taken by EOC, WFP sought to have S3/Paylt build its recreational licensing system with Paylt as the payment processor instead of Tyler with no official amendment made to the contract reflecting this change.

By December 9, 2024, WFP submitted a complete request to DFA to use Paylt as its alternate payment processor for its new recreational licensing system. In the letter, WFP stated that using Paylt instead of Tyler would: allow WFP's licensing system to provide a more seamless user experience; offer improved operational efficiency by simplifying financial management; and provide greater control and agility over funds. Because DFA policy only allows for alternate payment processor requests to be submitted before the RFP is awarded to a vendor, it never made an official decision on the matter.

Because the licensing system was to launch in February 2025, WFP subsequently executed an emergency one-year contract with S3/Paylt that month for \$470,294 for payment processing services for the new licensing system. According to WFP, failure to sign an emergency contract

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<sup>4</sup> Although S3 was the entity that responded to the RFP, was awarded the contract, and was approved by the ITS board, the signed contract shows the vendor as S3 d/b/a Paylt. Therefore, in subsequent references PEER uses S3/Paylt to refer to the contractor.

<sup>5</sup> EOC minutes from its October 19, 2021, meeting state that EOC unanimously granted WFP with a 12-month waiver for an alternate payment processor regarding its Online Boat Registration System.

would have meant that the licensing system would not have been able to operate, which would have impacted WFP's revenue and its ability to assign licenses to citizens.

## Lack of Clarity in Oversight and Administrative Rules

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Currently DFA has the official final authority on such approvals. However, DFA maintains two sets of policies for agencies' use of electronic payments. Although an official version of DFA's policies exists as part of the Mississippi Management Reporting System, it has been using an older version of those policies, both of which are outdated. These outdated policies have resulted in confusion among agencies, particularly in instances where practices differ from what is stated in policy. Further, these issues are exacerbated by the loss of staff with technological expertise on electronic payments within DFA and an agency's ability to bypass competitive bid requirements under ITS emergency procurement rules.

As noted previously discussed, there are three separate but interconnected entities that played a role in the procurement process for WFP's contract with S3/PayIt for developing its recreational licensing system and serving as its alternate payment processor through an emergency contract. Based on information provided to PEER by WFP to determine what process was used to ultimately enter the emergency, it was not always apparent on who had the final authority to approve the use of the alternate payment processor based on the use of inconsistent and outdated administrative rules, prior occurrences of such approvals by an entity other than DFA (i.e., EOC), and the ability by WFP to bypass competitive bid requirements under ITS emergency procurement rules.

### DFA's Administrative Rules are Inconsistent and Outdated

According to MISS. CODE ANN. Sec. 27-104-33 (1972), DFA shall establish policies that allow the payment of various fees and other accounts receivable to state agencies, and the payment for retail merchandise sold by state agencies, by credit cards, charge cards, debit cards, and other forms of electronic payment in the discretion of the department.

In the early 2000s, DFA utilized its statutory authority to write what is known as the "Final Rule." This Final Rule refers to DFA's initial administrative rule for "Payments by Credit Card, Charge Card, Debit Cards, or Other Forms of Electronic Payment of Amounts Owed to State Agencies." One component of the Final Rule includes the rules regarding the approval of an alternate payment processor, noting that this approval must specifically be requested and approved by DFA prior to entering into the procurement process.

This administrative rule was minimally updated in 2014 and was posted on the Secretary of State's website as *Title 12, Part 4*, otherwise known as the Mississippi Management Reporting Systems. Notably, *Title 12, Part 4* altered Section IX of the Final Rule by removing certain enforcement powers from DFA (e.g., the authority to issue a cease-and-desist letter to an agency to close its system down if it is found accepting credit/debit cards as a form of payment without having been granted a written waiver to use an alternate payment processor) and in most instances duplicated the language from the Final Rule. However, DFA has recently reverted back to using the Final Rule in lieu of *Title 12, Part 4*, including attaching the Final Rule to RFPs and contracts.

In comparison of the two documents, both do a suboptimal job of explaining their contained processes as these documents were written for 28 original state portal applications, but now the state's technological infrastructure includes hundreds of portals and websites. In addition, both documents contain defined terms that are confusing, incorrect references to other rule sections, and outdated procedures that staff no longer utilize. For example, although both documents provide a definition for an EOC fee and a separate definition for an E-government transaction fee, the two terms are used interchangeably within the documents. Additionally, Rules 2.4 and 2.5 in the MMRS make references to "Section V" and "Section VI;" although Sections V and VI exist in the Final Rule, they do not exist in the MMRS. Furthermore, as part of the EOC definition, both documents state that "with new applications, the State collects 2% of the net operating profit each month through E-Government Transaction Fees;" however, DFA staff were unaware as to what this refers.

As DFA is once again relying on the Final Rule to administer the procurement process, it has effectively not updated this document in over twenty years. As the state's technological infrastructure has changed significantly over those twenty years, either of these documents need updating to reflect the current environment and reflect actual procurement processes. According to DFA, one contributing factor for continued use of dated policies is that it currently has no staff with technological expertise on electronic payments and that any staff who once contributed to these rules is no longer with the agency.

#### **Lack of Clarity in the Outdated Policies**

DFA, ITS, and WFP have all been confused by these rules, particularly in instances where practices differ from what is stated in policy. For example, the Final Rule requires that an agency wishing to use an alternate payment processor submit a request to DFA and that the request "will be coordinated through the EOC to ensure procurement procedures are followed and that cost model data can be included for future state projects." The Final Rule further states that DFA is responsible for approving the request. However, in practice EOC has previously approved requests by WFP to use an alternate payment processor.

Further, even the more updated policy lacks clarity on which entity should have the final decision-making authority over the procurement process. For example, *Title 12, Part 4, Rule 2.3* addresses approvals for internet-based applications and services for state agencies. Specifically, Rule 2.3 states:

*E-government applications and services require additional review and approval by ITS and by DFA (in contrast to traditional software applications.) Because of the multiple costing models used by vendors for e-government applications, as well as the necessity for ensuring appropriate security for all public-facing applications, the normal ITS procurement delegations to agencies do not apply for these types of acquisitions. In addition, DFA must approve and schedule any implementations that involve payments.*

According to Rule 2.6.A, "An agency wishing to use an alternate payment processor must submit a written request to the Department of Finance and Administration...The application must be approved by DFA prior to entering into the procurement process for the alternate payment processing services."



However, Rule 2.6.G also states that when seeking approval for an alternate payment processor:

*The service must be legally procured following the rules for technology procurement. All such services are considered e-government services, and are within the purview of ITS even if those services are offered at no cost to the agency.*

Because WFP initially sought the development of a recreational licensing system that could fall under the purview of Rule 2.3, but also Rule 2.6 because of the payment component, the language in these rules could potentially create confusion on which agency would have the final authority in the process.

### **Use of an Emergency Contract to Bypass Procurement Requirements**

As noted previously, WFP submitted multiple requests to use Paylt as its alternate payment processor for its recreational licensing system. However, because both DFA policies (i.e., the Final Rule and Title 12, Part 4) only allow for alternate payment processor requests to be approved when submitted before the RFP is awarded to a vendor, DFA never made an official decision on the matter once it received the formal request from WFP in December 2024.

Subsequently, WFP decided to declare an “emergency” situation and entered into an emergency contract using Paylt as its payment processor because the licensing system was to launch in February 2025.—According to WFP, it could have lost an estimated \$1.5 million per month in direct license sales (based on an average of previous years’ sales) not including federal matching funds.

WFP did not have the prior approval to use Paylt as its alternate payment processor and therefore it used the emergency purchase procedure through ITS in lieu of the proper procurement process, which is against the intent of the administrative code established by DFA. PEER questions the validity of the emergency contract as it does not appear to qualify as an “emergency” as defined by MISS. CODE ANN. Section 31-7-1(f) (1972). This one-year emergency contract cost WFP \$470K.

MISS. CODE ANN. Section 31-7-1(f) (1972) defines “emergency” as follows:

*“Emergency” means any circumstances caused by fire, flood, explosion, storm, earthquake, epidemic, riot, insurrection or caused by any inherent defect due to defective construction, or when the immediate preservation of order or of public health is necessary by reason of unforeseen emergency, or when the immediate restoration of a condition of usefulness of any public building, equipment, road or bridge appears advisable, or in the case of a public utility when there is a failure of any machine or other thing used and useful in the generation, production or distribution of electricity, water or natural gas, or in the transportation or treatment of sewage; or when the delay incident to obtaining competitive bids could cause adverse impact upon the governing authorities or agency, its employees or its citizens; or in the case of a public airport, when the delay incident to publishing an advertisement for competitive bids would endanger public safety in a specific (not general) manner, result in or perpetuate a specific breach of airport security, or prevent the airport from providing specific air transportation services.*

There are two classes of emergency contracts as outlined in the ITS procurement handbook, Rule 207.6. A Type 1 emergency threatens the health or safety of any person or protection of property and does not require ITS approval but requires that documentation be filed after the emergency purchase. A Type 2 emergency requires prior approval by ITS should the executive head/president of the agency or public university seeking the contract determine the emergency is detrimental to the interests of the state before the emergency purchase occurs.

#### TYPE 1

##### Emergencies Threatening Health or Safety of Any Person or Preservation or Protection of Property (Does Not Require ITS Approval)

*ITS does not approve emergency purchases of this type nor determine the validity of the agency/public university emergency declaration.*

*If the governing board or the executive head/president, or his designees, of an agency or public university determine that an emergency exists so that the delay incident to giving opportunity for competitive bidding would threaten the health or safety of any person or the preservation or protection of property, the provisions of competitive bidding shall not apply, and the agency/public university shall submit the completed and signed "ITS Emergency Purchase Form (Where Delay Would Threaten Health, Safety, or Property)" available on the ITS website to ITS as soon as practicable after the emergency purchase as well as post-purchase documentation required by Section 31-7-13(j).*

#### TYPE 2

##### Emergencies Where Delay Would Be Detrimental to the Interests of the State (Requires ITS Approval)

*If the governing board or the executive head/president, or his designees, of an agency or public university determines that an emergency exists so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interests of the state, then the agency/public university must seek prior approval from ITS to make the purchase without having to comply with the competitive bid requirements.*

*The agency/public university must submit the completed and signed "ITS Emergency Purchase Request Form (Where Delay Would Be Detrimental to the Interests of the State)" available on the ITS website to ITS with a certified copy of the minutes of the board of such agency/public university documenting the emergency purchase request, if applicable, prior to the emergency purchase for ITS review and approval.*

WFP entered into a Type 1 emergency contract with S3/Paylt. Under ITS procurement rules and regulations, a Type 1 emergency contract—emergencies threatening health or safety of any person or preservation or protection of property—does not require ITS approval. Further, as outlined in the ITS Procurement Handbook, Rule 207.6:013-060, documentation and certification of this type of emergency purchase is solely the responsibility of the purchasing agency or institution. ITS issued a CP-1 approval form for the emergency one-year contract between WFP

and S3/Paylt with an effective date of February 11, 2025, for \$470,294. According to language on the CP-1 form, the “CP-1 was issued at the request of the customer agency for accounting purposes only and does not constitute approval of the emergency acquisition by ITS.”

If DFA decides that WFP should still be required to utilize Tyler as its payment processor, a second emergency contract will likely be necessary to ensure WFP can continue to operate its licensing system while the necessary steps are taken to transition the licensing system from Paylt to Tyler.

### **Questionable Validity of the “Emergency”**

PEER questions whether WFP entered into a proper emergency contract with S3/Paylt because the emergency contract does not seem to fit either of the two qualifications for emergency contracts according to the ITS Procurement Handbook, Rule 207.6. A decision to utilize and enter into a contract with an unauthorized<sup>6</sup> payment processor does not constitute an “emergency” as defined by MISS. CODE ANN. Section 31-7-1 (f). For example, using an alternate payment processor (i.e., Paylt) in lieu of the state’s approved payment processor (i.e., Tyler) does not create a threat to public health, nor is the licensing system a “public building, equipment, road, or bridge,” or public utility like electricity or gas. Therefore, PEER contends that the contract does not qualify as an emergency threatening the health/safety of persons or the preservation/protection of property.<sup>7</sup>

The contract then only could have qualified under the second emergency qualification as detrimental to the interests of the state. However, in order to qualify for this type of emergency contract, an agency or public university must have determined that an emergency existed so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interests of the state. Then the agency/public university must have sought prior approval from ITS to make the purchases without having to comply with competitive bid requirements prior to making the emergency purchase. In addition, Rule 207.6 in the ITS Manual also notes that an “emergency” definition under this situation applies only to events that could not reasonably have been anticipated.

While the initial contract for the development of the WFP licensing system correctly included the state’s approved payment processor, during the implementation of the contract WFP decided that a certain provision did not apply anymore (i.e., the requirement to use Tyler as its payment processor). WFP made this decision based on convenience, not on any defect of Tyler’s construction of the licensing system.

Despite Paylt not being an approved alternate payment processor by either DFA or EOC, WFP knowingly continued the development of its licensing system with Paylt as the payment processor. Therefore, it appears that this emergency contract was meant to be

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<sup>6</sup> In this report, PEER’s use of the term “unauthorized” refers to payment processors that were not approved by DFA.

<sup>7</sup> WFP contends that the emergency contract qualifies as a Type 1 emergency for the following reasons: (1) the immediate preservation of order is required because citizens cannot obtain the licenses necessary to lawfully hunt, fish, or operate vessels on public waters, placing them at risk of non-compliance and undermining law enforcement; (2) the lack of a licensing system endangers public health and safety because hunting licenses are essential to ensure only qualified individuals participate in hunting activities, that hunter education requirements are met, and that limits designed to prevent unsafe and unlawful practices are followed; (3) boat registrations are essential to vessel safety and enforcement of Mississippi waters; and (4) the license system is required to sell licenses from which WFP receives revenue to pay safety officers who respond to drownings and other accidents.

a stopgap method taken by WFP to approve PayIt through the emergency powers granted to ITS, which is against the intent of the administrative code established by DFA.

## Potential Concerns with Continued Use of the Alternate Payment Processor

The use of an unauthorized alternate payment processor lacks the security assurances that are provided by the state's approved payment processor. Although DFA requires that an agency seeking to use an alternate payment processor submit the appropriate PCI-DSS Attestation of Compliance documentation to DFA, DFA does not have staff knowledgeable of PCI-DSS matters.

PEER identified two primary concerns with the continued utilization of PayIt as the alternate payment processor for WFP's licensing system: potential weakness in data security measures (e.g., PCI-DSS compliance) and the potential risk of losing federal funds by assessing EOC fees that are not used for the purposes of conservation.

### Use of an Emergency Contract to Bypass Procurement Requirements

PCI-DSS guidelines contain 12 core requirements that all electronic payment processors must follow to be considered in compliance. For example, a payment processor must be able to verify that it protects cardholder data with strong cryptography during transmission over open, public networks, and that it protects all systems and networks from malicious software. (See Appendix B on page 25.) Because Tyler is the state's approved payment processor and provides services to many agencies, the state benefits from a more streamlined process since DFA has only to ensure that Tyler is PCI-DSS compliant. Further, were Tyler to experience a security breach the liability lies with Tyler as the state's approved payment processor, not the state. DFA also maintains oversight of any EOC fees Tyler receives since those fees are deposited into the General Fund and then paid to Tyler.

These same assurances may not be in place when an agency such as WFP uses an unauthorized alternate payment processor. This potentially puts the state at risk if the unauthorized alternate payment processor were to experience a security breach.

According to Rule 2.6 of *Title 12, Part 4*, an agency seeking approval from DFA to use an alternate payment processor must provide the appropriate *Attestation of Compliance* document from the vendor stating that the vendor complies with PCI-DSS and that the vendor will maintain those standards through the engagement with the agency. Rule 2.10 of *Title 12, Part 4* goes on to note that state agencies accepting credit and/or debit cards through an approved alternate payment processor must comply with PCI-DSS to safeguard sensitive cardholder data, regardless of revenue input source (e.g., internet application, point-of-sale, interactive voice recognition system). Further, agencies who have been granted approval to use an alternate payment processor must provide to DFA yearly proof of the alternate payment processor's compliance with PCI-DSS.

On December 9, 2024, the executive director of WFP submitted a request to DFA to use PayIt, LLC, as its alternate payment processor. As a part of this request, WFP included a PCI-DSS *Attestation of Compliance* document. The document dated August 10, 2022, showed that K3DES, LLC, the qualified security assessor, performed the assessment on WorldPay, LLC, and determined that WorldPay, LLC, was in full compliance with PCI-DSS. However, although WorldPay is PayIt's

credit card vendor, WFP had requested to use Paylt—not WorldPay—as its alternate payment processor.

Upon request, WFP provided PEER with a PCI-DSS *Attestation of Compliance* document dated July 31, 2024, showing that SecurityMetrics, Inc.—the qualified security assessor—performed the assessment on Paylt, LLC. SecurityMetrics, Inc., determined that Paylt, LLC, demonstrated compliance with PCI-DSS requirements; and Paylt, LLC, acknowledged that PCI-DSS controls would be maintained at all times.

So, although WFP maintains an *Attestation of Compliance* showing that Paylt, LLC, is in compliance with PCI-DSS standards, that attestation for Paylt, LLC, was only provided upon request by PEER.

### **Loss of Institutional Knowledge of PCI-DSS Matters**

Despite Rule 2.6 of *Title 12, Part 4* requiring that agencies seeking to use an alternate payment processor submit the appropriate PCI-DSS *Attestation of Compliance* document; and those that have been granted approval to use an alternate payment processor provide to DFA yearly proof of the alternate payment processor’s compliance with PCI-DSS, DFA does not currently have a PCI-DSS division, staff, or system in place to verify that these alternate payment processors, or the systems associated with them, are properly secured.

According to DFA, it employed a staff member knowledgeable in PCI-DSS matters approximately ten years ago; however, because that employee did not have subordinate staff who could take over PCI-DSS responsibilities—and DFA did not have a PCI-DSS division—all PCI-DSS expertise left the agency when that employee retired. Not having anyone on DFA’s staff who is knowledgeable about PCI-DSS matters could potentially result in weaknesses in data security measures, especially when it pertains to approval of an alternate payment processor.

### **Assessment of EOC Fees on Recreational Licenses Potentially Jeopardizes Federal Funding**

The following sections discuss EOC fees assessed in the state and both the federal and state requirements for eligibility to receive federal funding.

#### **EOC Fees**

The EOC fee (which is generally \$3) is added to e-government transactions and used to support Mississippi’s approved payment processor, Tyler. According to ITS, the EOC fee was implemented in the early 2000s, before the state’s contract with Tyler. At that time the EOC fee was used to support the state’s data center and the enterprise system that existed prior to the implementation of the Mississippi Accountability System for Government Information and Collaboration (MAGIC).

Federal and state law require that revenue received through the sale of hunting and fishing licenses be used for conservation; however, EOC fees are being applied to these licenses and are therefore being used to support Tyler. Although WFP is not using Tyler as its payment processor it is still supporting Tyler through EOC fees because Tyler’s contract with the State of Mississippi requires that it be compensated based on EOC fees collected. PEER contends that using Paylt worsens the potential jeopardization of WFP’s federal funding because in this scenario the EOC fees WFP’s customers pay for the purchase of recreational licenses do not benefit conservation efforts in the state.

According to DFA, EOC has purview over an EOC fee that is added to the cost of a license. Rather than Tyler being paid a fixed contractual amount by the state, it receives revenue through three primary mechanisms:

- Credit card fees of 2.2% paid by the consumer that passes through to the credit card company;
- EOC fees (ranging between \$1 and \$4); and,
- Variable time and material projects paid directly by state agencies that request work from Tyler through its contract with ITS.

According to both DFA and ITS, the main source of revenue for Tyler is through the collection of the EOC fees, which allows for free websites to all entities operating within Mississippi state government. ITS noted that some state agencies who do not use Tyler as its payment processor still pay the EOC fee which supports Tyler. Therefore, even though WFP decided to utilize Paylt as its payment processor, Tyler would still receive the revenue from the assessed EOC fees.

While the typical EOC fee is \$3 per transaction, variable EOC fees were introduced in 2010. According to ITS, EOC fees can range between \$1 and \$4 per transaction depending on the cost of support and development to complete the transaction. When the fees are within this range, it is preapproved by EOC without requiring a vote. EOC may also waive the collection of the fee altogether. When the fee is waived, it requires a vote by EOC.

ITS noted that the EOC fee waivers rarely are granted by EOC. The following are some examples of instances in which it was waived:

- After Hurricane Katrina, the EOC fee was waived for electronic transactions in which donations were being made for hurricane recovery efforts; and,
- The EOC fee was waived for electronic transactions involving donations to retired state troopers.

### **Wildlife and Sport Fish Restoration (WSFR) Funds**

According to the Library of Congress, the Pittman-Robertson Wildlife Restoration Act (16 U.S.C. §§669 et. seq.) provides funding for states and territories to support wildlife restoration, conservation, and hunter education and safety programs. The U.S. Fish and Wildlife Service (FWS), within the U.S. Department of the Interior (DOI), administers this Act. To be eligible for funding under this Act, the law requires states to have enacted laws ensuring all hunting license fees collected by a state are directed solely toward the administration of the state wildlife agency.

According to the U.S. Fish and Wildlife Service, the Dingell-Johnson Sport Fish Restoration Act (16 U.S.C. §§777 et. seq.) authorizes assistance to the 50 states, the District of Columbia, the U.S. commonwealths, and U.S. territories to, in part, carry out projects to restore, enhance, and manage sport fishery resources.

According to the U.S. Department of the Interior, through these two acts Congress authorizes disbursements from the Wildlife and Sport Fish Restoration (WSFR) Program, which supports state and local outdoor recreational opportunities, and wildlife and habitat



conservation efforts. Eligible states receive WSFR funds through formula-based permanent appropriations. The distribution formulas are based primarily on land and water area and the number of paid recreational hunting and fishing license holders in each state.

Federal administrative requirements establish eligibility for benefiting from WSFR funds. Section 50 CFR Section §80.10 states that WFP is eligible for these funds if revenue from hunting and fishing licenses be:

*Used only for administration of the State fish and wildlife agency, which includes only the functions required to manage the agency and the fish- and wildlife-related resources for which the agency has authority under State law.*

According to Section 50 CFR §80.20, hunting and fishing license revenue is defined to include:

*All proceeds from State-issued general or special hunting and fishing licenses, permits, stamps, tags, access and use fees, and other State charges to hunt or fish for recreational purposes. Revenue from licenses sold by vendors is net income to the State after deducting **reasonable** sales fees or similar amounts retained by vendors.*

Similar language to the federal requirements is established in state law. According to MISS. CODE ANN. Section 49-5-25 (1972):

*Revenue from hunting and fishing [license sales] shall be under the exclusive control of the state fish and wildlife agency for the sole use of the administration of the state and fish wildlife agency, which includes only the functions required to manage the agency and the fish- and wildlife-related resources for which the agency has authority under state law.*

### U.S. Fish and Wildlife Service Questions the Reasonableness of the EOC Fees and Uses

In a letter from the U.S. Fish and Wildlife Service (FWS) to the executive director of WFP dated January 2, 2025, FWS notes that according to Section 50 CFR §80.20, vendor fees are allowed provided they are reasonable. In particular, FWS questions the reasonableness of the \$3 EOC fee for the following reasons:

- the entity collecting the EOC fees (i.e., Tyler) will not be the vendor for WFP license sales (i.e., PayIt);
- the addition of a \$3 EOC fee appears to represent the third or fourth fee added to the sale of a hunting or fishing license in some circumstances;
- the cumulative fees could amount to 50%-100% of the license cost; and,
- the entity assessing these fees (i.e., Tyler) does not appear to be providing any benefit to either WFP or the license acquisition process.

According to Section 50 CFR §80.11, a state becomes ineligible to receive the benefits of the Pittman-Robertson and Dingell-Johnson Acts if it—among other violations—diverts

hunting and fishing license revenue from the control of the state fish and wildlife agency, or from purposes other than the agency's administration.

The aforementioned letter from the FWS to the executive director of WFP noted that Section 50 CFR §80.21 stipulates that if any license revenue is diverted from the control of the state fish and wildlife agency, the agency will be out of compliance with the Acts; and consequently, the state could be declared ineligible to receive WSFR funding until the issue is resolved. The letter noted that WFP received more than \$18.5M in federal funding through the program in 2024.

On May 10, 2024, WFP submitted a request to EOC to waive the EOC fees for its new licensing system. EOC temporarily paused the collection of EOC fees for 30 days effective on February 18, 2025. Subsequent monthly EOC meeting minutes showed continued waiver extensions granted to WFP for EOC fee collection requirements.

According to DFA, beginning in July 2025, EOC approved a restructure of the EOC fee for WFP for one year. WFP noted that the EOC fee has not been permanently waived but is now based on a scale. For example, whereas previously all hunting and fishing licenses were assessed a \$3 EOC fee, the restructured EOC fee model allows a less expensive license to be provided without assessing an EOC fee while a higher fee is assessed to a more expensive license.

### **Potential Jeopardization of Federal Funds**

While WFP noted that its utilization of Paylt would offer improved operational efficiency by simplifying financial management and providing greater control and agility over funds, its decision to utilize an unauthorized payment processor worsens the potential jeopardization of federal funding it receives because the EOC fees paid for the purchase of recreational licenses in no way benefit conservation efforts in the state. Both federal and state law require that revenue received through the sale of hunting and fishing licenses be used for conservation. While EOC fees are used to support e-government for all state agencies, the state's approved payment processor is Tyler, not Paylt; so, the EOC fees that are being applied to these licenses are still being used to support Tyler per its contract with the state. Therefore, none of these diverted EOC fees can be considered as contributing to conservation efforts within the state.

For example, with Paylt as the alternate payment processor, WFP customers pay the EOC fee which supports Tyler. In this scenario Tyler is not providing services to WFP but is still receiving EOC fees. However, if Tyler were the payment processor, it would in some way be contributing to WFP's conservation efforts. Therefore, PEER contends that WFP's use of Tyler as its payment processor lessens the potential jeopardization of WFP's federal funds while its use of Paylt as the alternate payment processor increases the potential jeopardization of its federal funds.

According to WFP, it could be penalized for past ineligibility in addition to the possibility of present and future WSFR funding ineligibility. WFP estimates that it could be penalized between \$75 million and \$90 million under a five-year audit based on its annual federal apportionment and its historical audits should this occur.

## Conclusion and Next Steps

At the time of the PEER review, there is still no final ruling on whether WFP has the authority to continue utilizing Paylt as an alternate payment processor. Neither DFA nor EOC have granted Paylt as an authorized alternative. During the exit conference process, WFP informed PEER that it has decided to cease using Paylt as its alternate payment processor and will instead use Tyler. The integration with Tyler will be completed in January 2026. PEER maintains that clarity in the roles and rules of each entity (DFA, ITS, and EOC) is needed on which entity currently has, or should have, the final approval or disapproval when an agency requests to use an alternate payment processor.

## Recommendations

1. DFA should monitor cost and time data (salaries, hours worked, duration of the procurement process) for OSSS staff in order to determine the effectiveness and efficiency of H.B. 540. DFA should also require that each agency for which it oversees the procurement process submit its own cost and time data to DFA. In order for PEER to make accurate comparisons for its next biennial report on procurement, DFA should ensure that its data and the data it collects from the agencies it oversees encompass all relevant dates (e.g., date agency submitted request for OSSS assistance, date of first advertisement, date of contract execution).
2. To address the procurement and security issues set out in this report, the Legislature should amend Sections 25-53-5 and 27-104-33, to vest sole authority in the Department of Information Technology to review and approve all procurements and related contracts for electronic payments by credit, charge or debit cards and related services. To this end, it shall have the power to require that all agencies use only service providers that have been approved by the Department and shall have the sole authority to approve substitutions in cases where an agency has established good cause for doing so. The Department shall have the power to waive the assessment of EOC fees, particularly in cases where such assessments jeopardize an agency's federal funding. The Department shall have the power to adopt all necessary rules to carry forward the requirements of law and may seek guidance from the Department of Finance and Administration or any other agency it considers appropriate in assisting in the development of procurement rules and policies.
3. The Department of Wildlife, Fisheries, and Parks should cease using Paylt for processing transactions; and instead use the state's approved payment processor, Tyler Technologies.

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# Appendix A: Roles and Responsibilities of Soliciting Agency and OSSS

## Preliminary work

- Agency requests assistance with procurement project.

## Drafting of solicitation

- OSSS works with agency to determine proper purview, solicitation development, and compliance with rules and regulations.
- Agency works internally to draft/develop scope of work, evaluation factors, minimum qualifications, dates, etc.
- OSSS assists in drafting solicitation documents; reviews and approves final draft of any publication (advertising, solicitations, amendments, etc.).

## Publication

- Agency is responsible for posting all documents in all locations (ads to the paper, solicitation in public procurement portal, agency website).

## Communicating with vendors

- OSSS handles all direct communications with vendors (emails vendors direct solicitation, receives questions, handles direct publication to vendors).

## Questions, Answers, and Amendments

- Agency reviews questions and provides responses to any questions, and prepares any amendments.
- OSSS reviews and approves questions and answers, and any amendments, etc., prior to publication of these items.

## Bid/Proposal Openings

- Agency participates in bid/proposal openings.
- OSSS receives bids/ proposals and maintains registry and any bid opening documents such as bid attendance.
- OSSS evaluates bids/proposals to determine if they have submitted documents requested.
- OSSS contacts vendors requesting missing information if the agency determines it is a minor informality and will accept it.
- Agency receives bid/proposal packages from OSSS, verifies compliance, and determines if minimum qualifications are met.

## Evaluation and Award

- Agency evaluates proposals and makes determination of winning bidder/proposer.
- OSSS reviews award determination, reviews any documents that will be published, and checks for OPSCR compliance.

### Contract

- Agency submits contract for vendor review to OSSS.
- OSSS reviews contract for OPSCR compliance; provides contract draft to proposed winner; and relays any vendor concerns regarding contract terms to agency.

### Award documents

- Agency posts award documents in procurement portal and on agency website.
- OSSS provides direct publication to vendors of award documents.

### Communication with PPRB

- OSSS prepares contract information for PPRB meeting and approval.
- Agency attends PPRB meeting and answers any questions posed by PPRB members.
- OSSS presents contract for approval and answers questions posed by PPRB members.

### Execution of contract

- OSSS notifies winning vendor that contract was approved by PPRB and introduces them to the agency contact.
- Agency provides contract to winner for signature and sends signed copy to OSSS.
- OSSS reviews and approves signed agreement.

### Contract monitoring

- Agency is responsible for monitoring the contract.

**SOURCE:** PEER analysis of Mississippi Department of Finance and Administration data.

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## Appendix B: Guidelines for Payment Card Industry-Data Security Standards (PCI-DSS)

PCI-DSS Guidelines contain the following 12 core requirements that all users must follow to be considered in compliance:

1. Build and maintain network security controls;
2. Apply secure configurations to all systems components;
3. Protect stored account data;
4. Protect cardholder data with strong cryptography during transmission over open, public networks;
5. Protect all systems and networks from malicious software;
6. Develop and maintain secure systems and software;
7. Restrict access to system components and cardholder data by business need to know;
8. Identify users and authenticate access to system components;
9. Restrict physical access to cardholder data;
10. Log and monitor all access to system components and cardholder data;
11. Test security of systems and networks regularly; and,
12. Support information security with organization policies and programs.

**SOURCE:** PCI Security Standards Council.

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# Agency Response: Mississippi Department of Finance and Administration



**STATE OF MISSISSIPPI**  
GOVERNOR TATE REEVES  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**

October 8, 2025

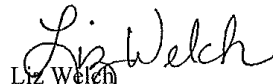
Mr. Ted Booth  
Executive Director  
PEER  
501 North West Street, Ste. 301  
Jackson, MS 39201

**HAND DELIVERED**

Dear Mr. Booth:

I am in receipt of your draft report of October 1, 2025, regarding an alternate payment processor for the Department of Wildlife Fisheries and Parks' recreational licensing system. I have reviewed the document and have no requested or suggested changes.

Sincerely,

  
Liz Welch  
Executive Director

501 NORTH WEST STREET, SUITE 1301 · JACKSON, MISSISSIPPI 39201 · TEL (601) 359-3402 · FAX (601) 359-2405

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SOURCE: Mississippi Department of Finance and Administration.

# Agency Response: Mississippi Department of Information Technology



3771 Eastwood Drive  
Jackson, MS 39211-6381  
Phone: 601-432-8000  
Fax: 601-713-6380  
[www.its.ms.gov](http://www.its.ms.gov)

Craig P. Orgeron, CPM, Ph.D., Executive Director

**November 3, 2025**

## **VIA HAND DELIVERY**

Joint Committee on Performance Evaluation and Expenditure Review (PEER)  
Mr. James F. (Ted) Booth, Executive Director  
Ms. Julie Winkeljohn, Lead Analyst  
Woolfolk Bldg. Suite 301-A  
501 North West Street  
Jackson, MS 39201

Re: FY 2025 Biennial Review of State Agency Procurement – ITS' Third Response

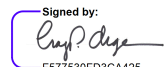
Dear Mr. Booth and Ms. Winkeljohn,

ITS is in receipt of PEER's letter dated October 23, 2025, enclosing another updated draft FY 2025 Biennial Review of State Agency Procurement – PEER Issue Brief #721 ("Updated Report"). ITS appreciates the opportunity to respond to the Updated Report.

After ITS's review of the Updated Report, ITS has identified the following factual errors and/or additional information it requests to be addressed and/or revised, as enclosed with this letter attached as Attachment A.

If you have any questions, please contact Holly Savorgnan, Chief Administrative Officer, by email at [Holly.Savorgnan@its.ms.gov](mailto:Holly.Savorgnan@its.ms.gov) or by phone at 601-432-8102.

Sincerely,

Signed by:  


F577530FD3CA425...  
Craig Orgeron, Ph.D.,  
Executive Director  
Mississippi Department of Information Technology Services

Enclosures

Cc: Holly Savorgnan, Chief Administrative Officer  
Renee Murray, Procurement Services Director  
Stephanie Hedgepeth, Chief Strategic Officer  
Tabatha Baum, General Counsel

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Board Members: Christa L. Alexander, Chair • Bill Cook, Vice-Chair • Thomas A. Wicker • Mark E. Henderson • J. Keith Van Camp  
Legislative Advisors: Senator Bart Williams • Representative Jill Ford

## ATTACHMENT A

### ITS' Requested Revisions to Updated Report

Each of the following identified ITS requested revisions/comments reference the specific sections, pages, and paragraphs of the Updated Report for ease of reference.

1. **Page 9, under “Timeline of the Alternative Payment Processor Procurement Process with WFP”, Table entitled “Timeline for WFP Payment Processor Procurement”.**

**Report excerpt:** Not provided, see Updated Report for reference.

**ITS requested revisions:** Additions are demonstrated with underlines, while deletions are represented with strikethroughs. For the purposes of the following requested revisions to the Timeline Table, any dates not mentioned below are not requested for revision/addition by ITS.

February 4, 2025 - Payment Processing Agreement (emergency contract) executed by S3/PayIT and WFP to provide payment processing services in relation to WFP's new licensing system.

February 4, 2025 – WFP submitted an emergency project request to ITS.

February 19, 2025 – Updated Payment Processing Agreement (emergency contract) executed by S3/PayIT and WFP to provide payment processing services in relation to WFP's new licensing system.

**ITS Support:** See, Exhibit, A-1, WFP and PayIT emergency contract, Exhibit A-2, updated WFP and PayIT emergency contract, and Exhibit J, WFP Emergency Procurement Request. These are the facts related to the “Timeline for WFP Payment Processor Procurement”. This is important to indicate the timeframe for when items were sent to ITS and when these emergency contracts were executed.

The complete 15-page attachment is on file at the PEER office.

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SOURCE: Mississippi Department of Information Technology.

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# Agency Response: Mississippi Department of Wildlife, Fisheries, and Parks



**MISSISSIPPI  
DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS**

Lynn Posey  
Executive Director

10/6/2025

James F. "Ted" Booth, Executive Director  
**Joint Committee on Performance Evaluation and Expenditure Review (PEER)**  
P.O. Box 1204  
Jackson, Mississippi 39215-1204

Re: PEER 2025 Biennial Review of State Agency Procurement

Dear Director Booth:

The Mississippi Department of Wildlife, Fisheries, and Parks (WFP) appreciates the work of the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) in conducting its Biennial Review of State Agency Procurement. We recognize the importance of ensuring procurement processes are efficient, transparent, and compliant with state law.

This response addresses only those portions of the Audit that directly involve WFP. The Department respectfully submits clarifications and corrections regarding the findings on WFP's use of an alternate payment processor, emergency contract designation, data security, federal funding risk, and related recommendations.

**Section 2 – Concerns with the Alternate Credit Card Payment Processor (PayIt)**

**Audit Claim:** The Audit asserts that WFP entered a contract with the intent of using an alternate credit card payment processor (PayIt) and only sought approval after the contract was executed.

**WFP Response:** This characterization is inaccurate. When WFP executed its contract with Sovereign Sportsman Solutions (S3), WFP did not seek to use an alternate credit card payment processor. The procurement and project launch were undertaken with the expectation of utilizing the state's established processor, Tyler.

The licensing system being developed is not an off-the-shelf product, but a customized system built over an approximate eighteen-month development timeline.

As is typical with a system of this complexity, decisions must be made throughout development to ensure the final product meets the operational needs of WFP and its customers.

In May 2024 and again in December 2024, WFP submitted requests for a waiver to DFA and the EOC to use an alternate credit card payment processor after determining during system design that the proposed integration would create a more synchronized and efficient system. WFP did not receive either approval or denial of those requests. In the absence of clear guidance from the EOC or DFA on whether such a request was permissible after the procurement process, WFP was left without direction.

The Audit itself acknowledges that outdated and inconsistent administrative policies have caused confusion among agencies, stating that *“these outdated policies have resulted in confusion among agencies, particularly in instances where practices differ from what is stated in policy.”* This lack of clarity directly contributed to WFP’s position and delays in receiving a final determination.

In that environment, WFP acted in good faith and in the best interest of its customers and the State. This Department’s actions were not intended to circumvent policy but to implement a practical, effective solution essential to the success of a system that supports licensing operations, conservation funding, and public access.

Additionally, regarding the reference to \$470,294 for payment processing services, WFP would like to clarify these fees are a pass-through cost paid by the customers to the vendor not by WFP. The payment processing rate for both PayIt and Tyler is currently 2.2%.

### **Section 3 – Validity of the “Emergency” Contract**

**Audit Claim:** The Audit questions whether the circumstances cited by WFP constituted a legitimate “emergency” under MISS. CODE ANN. § 31-7-13 and ITS rules.

**WFP Response:** The Audit does not fully reflect the circumstances under which WFP made the decision to issue an emergency contract. The absence of clear guidance among DFA and the EOC regarding approval of an alternate credit card payment processor created significant delays and uncertainty limiting WFP’s ability to adjust in a timely manner. Although WFP submitted a waiver request early in the process, no approval or denial was received. By the time any indication of a decision was communicated, the system’s go-live date was imminent, leaving WFP without adequate time to develop or implement an alternative solution.

These delays were not, in themselves, the basis of the emergency designation; however, they contributed to the conditions that made such action necessary. The actual emergency arose from the imminent launch of the new licensing system, which could not operate without immediate intervention. Without the emergency designation, WFP would have lost the ability to issue hunting and fishing licenses or process boat registrations and the revenue associated with those activities.

The Audit questions whether WFP's actions met the statutory requirements for an emergency contract. WFP respectfully maintains that its actions were fully consistent with Mississippi law and the intent of the emergency procurement provisions. After consultation with ITS and review of available options, WFP determined that issuing an emergency contract was the most appropriate and timely mechanism to address the immediate operational need and avoid service disruption of critical services and loss of revenue.

The consequences of failing to act would have been significant. Without valid licenses and registrations, WFP's law enforcement officers would have been unable to effectively enforce hunting, fishing, and boating laws. This would have jeopardized the preservation of order and compromised public safety on Mississippi's waters and lands. These conditions are explicitly recognized under MISS. CODE ANN. § 31-7-13 as legitimate grounds for an emergency procurement, which authorizes such action when "the immediate preservation of order or of public health and safety of a person or property" requires it.

WFP's actions were consistent with the intent of the statute. The emergency procurement provision exists to ensure that state agencies can take immediate action when failure to do so would threaten public safety, the orderly operation of government, or essential public services. By issuing an emergency contract, WFP ensured continuity of critical licensing and enforcement functions that serve Mississippi's citizens and support the State's conservation mission.

For these reasons, WFP maintains that the emergency designation was both appropriate and consistent with the intent of Mississippi law.

#### **Section 4 – Data Security and PCI-DSS Compliance**

**Audit Claim:** The Audit raises concerns about potential weaknesses in PCI-DSS compliance under Paylt and suggests that DFA and WFP lacked sufficient knowledge to verify compliance, creating additional risk when using an alternate processor.

**WFP Response:** WFP agrees that PCI-DSS compliance is essential to protecting customer data. The Audit's suggestion that the use of an alternate payment processor created greater risk is not supported by evidence.



The Audit itself acknowledges that DFA does not have the internal expertise or capacity to validate PCI-DSS compliance. Instead, both DFA and agencies like WFP rely on vendor-provided certifications and independent assessments to demonstrate compliance. This means there is no consistent state-led process to confirm PCI compliance for any processor, including the state-approved vendor, Tyler.

Given this context, it cannot reasonably be argued that WFP's use of PayIt posed more risk than the use of Tyler. In both cases, the same standard applies—reliance on vendor certifications and assurances.

The broader issue identified by the Audit is not the use of an alternate processor but the absence of a clear, statewide process for validating PCI-DSS compliance. Until such a process exists, it cannot be reasonably concluded that WFP's use of PayIt introduced greater risk than existing state practices.

WFP remains committed to maintaining the highest standards of data security and ensuring that all vendors engaged in financial transactions with the agency meet or exceed applicable compliance requirements.

## **Section 5 – Federal Funding Risk**

**Audit Claim:** The Audit states that WFP's use of an alternate payment processor threatens eligibility for federal Wildlife and Sport Fish Restoration (WSFR) funds, noting that the diversion of license revenue could place approximately \$18.5 million in federal funding at risk. It further contends that WFP's use of Tyler as a payment processor lessens the potential jeopardy, while use of PayIt increases it.

**WFP Response:** WFP takes its role as steward of federal WSFR funds seriously and acknowledges the concerns raised by the U.S. Fish and Wildlife Service (FWS). However, the suggestion that WFP's decision to use an alternate payment processor is the source of the funding risk does not accurately reflect the situation.

The actual risk arises from the Electronic Oversight Committee's (EOC) policy of applying electronic transaction fees to recreational license sales in addition to the actual credit card payment processing service. FWS has made clear to WFP that these fees may constitute a diversion of license revenue under federal rules, which could jeopardize WSFR eligibility. This concern exists regardless of which payment processor is in place.

Two factors contribute to this risk:

- **Excessive Fee Amounts.** The EOC fee is not consistent with a reasonable processing charge or with amounts typically retained by third-party vendors

providing the same service. Because of this, the fee may be seen as excessive, raising diversion concerns under WSFR requirements.

- **Use of Fee Revenues.** The EOC fee is not retained for the purpose of administering the licensing system. Instead, as the Audit itself states, *“EOC fees are not retained for the purpose of administering the licensing system. Instead, these fees are directed toward supporting other statewide technology services, which may not align with the requirements of federal assent legislation.”* This reinforces the concern that such practices may not be consistent with federal requirements.

The Audit also suggests that the EOC fee may be more defensible under Tyler because of the supposed “benefit” associated with processing credit card transactions, while less defensible under Paylt. This interpretation is not supported by FWS. In its January 2, 2025 correspondence, FWS specifically stated that *“the reasonableness of the proposed EOC fee is questionable, particularly given that the entity will not be the vendor for WFP license sales”* and further emphasized that *“the entity assessing these fees does not appear to be providing any benefit to either WFP or the license acquisition process.”* This language makes clear that FWS’s concern is focused on the fee structure—not the processor.

Federal assent legislation is clear: *“Revenue from hunting and fishing licenses must be controlled by the State fish and wildlife agency and used only for the administration of the State fish and wildlife agency”* (50 CFR Part 80). Because EOC fees are collected and directed toward other statewide purposes, WFP has raised this concern to FWS to avoid any risk of the fees being interpreted as a diversion of license revenues.

FWS has made it clear to WFP that it reserves the right to determine whether these fees constitute a diversion of license revenues. This underscores that the true compliance risk is rooted in the EOC fee policy, not in WFP’s licensing system decisions or its choice of payment processor.

For these reasons, WFP respectfully disagrees with the Audit’s characterization that its licensing system decisions placed federal funds in jeopardy. WFP acted responsibly to implement its system and serve the public, while the unresolved issue of EOC fee policy—both in its amount and its purpose—is the true factor creating potential exposure to federal funding risk.

## **Section 6 – Recommendations**

**Audit Recommendation:** WFP should process all payments through the state’s approved payment processor (Tyler).

**WFP Response:** WFP acknowledges this recommendation and notes that it has already begun the process of transitioning from Paylt to Tyler's payment processing system. This transition is expected to be completed by approximately January 2026. This effort is being undertaken to ensure alignment with statewide direction and consistency across agencies and should not be interpreted as an indication that WFP's prior actions were improper.

WFP remains committed to continuous improvement and collaboration with oversight agencies to strengthen statewide procurement, payment processing, and data security.

### **Conclusion**

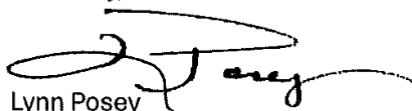
WFP values the oversight role of the PEER Committee and the importance of maintaining transparent, efficient, and compliant procurement processes. While WFP respectfully disagrees with several of the Audit's characterizations, the agency acted in good faith at each step to protect the interests of Mississippi's citizens, maintain uninterrupted public services, and ensure long-term compliance with state and federal requirements.

The decisions surrounding the licensing system, the emergency contract designation, payment processor use, and related funding considerations were made under complex circumstances, often in the absence of clear guidance or timely determinations by oversight entities. In those circumstances, WFP moved forward with what it believed to be the most practical, lawful, and effective solutions to preserve order, safeguard public safety, and protect vital conservation funding.

As this response outlines, WFP has already taken steps to align with statewide direction, including the transition to Tyler's payment processing system by January 2026. At the same time, the Audit highlights systemic issues—such as the need for clearer administrative rules, consistent PCI-DSS validation processes, and reconsideration of the Electronic Oversight Committee's fee policies—that extend beyond WFP's authority and require statewide coordination to resolve.

WFP remains committed to constructive engagement with DFA, ITS, the EOC, and federal partners to ensure compliance, improve oversight, and strengthen public trust. Above all, WFP will continue to uphold its mission to conserve, protect, and enhance Mississippi's natural resources while providing high-quality services to the citizens of this state.

Sincerely,



Lynn Posey  
Executive Director

**James F. (Ted) Booth, Executive Director**

Reapportionment

Ben Collins

Administration

Kirby Arinder

Stephanie Harris

Gale Taylor

Quality Assurance and Reporting

Tracy Bobo

Bryan "Jay" Giles

Performance Evaluation

Lonnie Edgar, Deputy Director

Jennifer Sebren, Deputy Director

Taylor Burns

Emily Cloys

Kim Cummins

Kelsi Ford

Will Harper

Matthew Holmes

Chelsey Little

Ryan Morgan

Meri Clare Ringer

Sarah Williamson

Julie Winkeljohn