MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
AGENCY 845
5 YEAR STRATEGIC PLAN FOR THE FISCAL YEARS 2021-2025

1. MISSION STATEMENT

The Mississippi State Board of Public Accountancy's mission is to protect the public welfare of the citizens of the State of Mississippi, and therefore, the state's commerce, through its oversight of Certified Public Accountants (CPAs) and CPA firms.

2. PHILOSOPHY

The Mississippi State Board of Public Accountancy's philosophy is to protect the public's interest by assuring CPAs and CPA firms' maintenance of the highest standards of proficiency, integrity, and ethics, and their compliance with state statutes, Board rules, and professional standards related to financial accounting and reporting, and advice on business, tax, and financial matters.

3. RELEVANT TO STATEWIDE GOALS AND BENCHMARKS

- Statewide Goal #1 – To develop a robust state economy that provides the opportunity for productive employment for all Mississippians,
    - Relevant Benchmarks for #1
        - State Business Tax Climate
- Statewide Goal #2 – To create an efficient government and an informed and engaged citizenry that helps to address social problems through the payment of taxes, the election of capable leaders at all levels of government, and participation in charitable organizations through contributions and volunteerism.
    - Relevant Benchmarks for #2
        - Number of government employees per 10,000 population
        - Average wait time for state government services
        - Regulatory efficiency: average length of time to resolution of documented complaints to professional licensing agencies.
        - Number and average cost of regulatory actions taken by regulatory body and type of action
        - State dollars saved by providing government services online (e.g., document retrieval, issuance of new business permits, license renewal)
- Statewide Goal #7 – To ensure the construction and maintenance of infrastructure adequate to meet the needs of citizens and the business community and to foster economic growth
    - Relevant Benchmarks for #7
        - State Buildings – percentage of total square footage of buildings housing state employees and operations that is owned versus leased.

4. OVERVIEW OF THE AGENCY 5 YEAR STRATEGIC PLAN

The Board's main mission is generally accomplished through the following activities which have been streamlined and enhanced over the past several years:

- Registration of CPA firms. Oversight is provided through review of ownership, firm organization, quality controls, and CPA staffing verified through an established audit and monitoring process.
- Monitoring of CPAs' and CPA firms' work products, such as financial statement audits, reviews, and compilations through mandatory peer reviews and an independent oversight system.
- Overseeing computerized licensure examination. Timely investigations of complaints and an improved disciplinary process.
- Setting standards for and ensuring compliance with CPA continuing professional education (CPE) requirements.
- Investigating complaints of CPAs, CPA firms, candidates and non-licensees and disciplining valid complaints through Board action.
- Performing substantive audits of CPE documentation and compliance audits through statistical sampling of CPAs reports and examination of all supporting documentation.
- Responding to inquiries from CPAs and the public regarding accountancy statutes and Board Rules.

The goals identified for agency enhancements over the next five years have been identified as follows:

- Due to recent staff reduction, the agency explored the possibility of relocating or otherwise reducing the cost of office space. The landlord kept us at the reduced rental rate negotiated in 2015 for an additional three (3) years which was approved and executed in May, 2018. Upon expiration of that term, the Agency will re-visit its space needs in light of the progress of the document scanning project mentioned below and any other changes.
- The Board implemented a document scanning/paperless office system in FY 2018. It is expected this will take another approximate 6 months to complete. This will streamline the agency to provide more efficient service to the CPA community, and thus, the citizens of Mississippi.
- The agency's online renewal system was implemented during fiscal year 2015, but further enhancements and upgrades are planned.
- It is a goal of the agency to increase the investigative component of the office and to reduce the time required to resolve issues.
- Another goal of the agency is to be more responsive to requests for information on agency rules and accounting practices.
- The agency researched the process of permitting out-of-state firms, and in FY16 implemented a new Board Rule requiring an annual firm permit fee for such firms.
- The agency is exploring a new online system for CPAs to report required annual CPE. If a new system is implemented, it should better serve the needs of the agency and CPAs at a lower cost.

- The agency recently finalized Rules changes for future implementation. The Rules changes are primarily those necessary to conform CPE and other requirements for Mississippi CPAs to suggested national standards.

5. EXTERNAL/INTERNAL ASSESSMENT

The State Board operates under national standards as well as under state statutes, rules and regulations. We have listed the standards, entities, vendors, etc. that can affect the agency and its operations below.

American Institute of Certified Public Accountants (AICPA) has been the sole-source provider for the CPA examination and grading services for all the fifty states and six other jurisdictions. The AICPA continues to write the questions for the computerized CPA examination as well as provide advisory grading services. Changes to those services or fees charged to the candidates are a significant external factor. Also, the AICPA maintains its own Code of Professional Conduct, Bylaws, and financial reporting standards which affect CPAs within the states.

National Association of State Boards of Accountancy is the national group comprising regulatory Boards from the fifty-six jurisdictions (fifty states and six other jurisdictions: Guam, Northern Mariana Islands, Puerto Rico, Washington, D.C., the Virgin Islands, and American Samoa.) NASBA's mission is to enhance the effectiveness of the State Boards of Accountancy. It provides a voice for the Boards through national debates and communications concerning related regulation of CPAs. It also provides programs and services; researches and analyzes current and emerging related regulatory issues; assists communication between state boards; and communicates with organizations that may impact the regulation of accounting. NASBA provides the national data base system for the computerized CPA examination to oversee the monitoring and prevention of illegal movement of candidates among jurisdictions. NASBA is the contract monitor for the Boards of the three-way contract concerning the computerized examination costs, effectiveness, and security.

Prometric / Sylvan is under contract as the nationwide provider of the testing centers for the computerized CPA examination. The testing centers must meet specific standards to be and remain secure centers. Any change in the testing requirements or vendor could impact the State Board and examination administration.

Institutes of Higher Education (Colleges and Universities) provide the curriculum and education of candidates who prepare and sit for the CPA examination. Changes in curriculum and course offerings could impact candidates' success rates for passing examination requirements.

State and Federal Laws contain mandates with which CPAs must comply when performing services as well as the incorporation and organization of firms as businesses which could potentially increase the oversight responsibilities of the Board. The Sarbanes-Oxley Act of 2002 is the largest federal legislation passed since the Securities Act of 1934. This act affects what CPAs and CPA firms can and must do when auditing and performing services for a public company. Implementation of this act through the Securities Exchange Commission and under a national Public Company Accounting Oversight Board (PCAOB) affects the work of the Board

through investigative cooperation and additional monitoring and oversight of affected CPA firms.

Financial Accounting Standards Board, Government Accounting Standards Board, and other U.S. standard setting organizations (including the AICPA previously mentioned) greatly influence generally accepted accounting principles, generally accepted auditing standards and other professional standards that must be followed by CPAs in the performance of their services, and affects the Board's review of CPA practices.

International Federation of Accountants, International Ethics Standards Board for Accountants, International Accounting Standards Board are influences that have become recognized as part of the necessary relationship in the world economies and businesses related to financial reporting and professional standards.

Technological advances or changes influence progress or the direction the State Board takes toward meeting its administrative and management objectives.

Professional career or demographic economic changes could affect the number of persons that enter the public accounting field and would require oversight as CPAs.

6. AGENCY'S GOALS, OBJECTIVES, STRATEGIES AND MEASURES BY PROGRAM FOR FY 2021-2025:

Program 1: Regulation

GOAL A: Enforce laws, rules and regulations regarding Certified Public Accountants (CPAs), CPA firms and non-licensees to maintain the highest standards of proficiency in the profession and for the protection of the public interest (Miss. Code Ann. § 73-33-5(f)).

OBJECTIVE A.1. Effectively manage compliance with laws and rules by CPAs, CPA firms and non-licensees by identifying and investigating violations.

Outcome: Compliance with laws and rules is encouraged and increased.
Outcome: More reliable and accurate CPA work product is provided to the public.

STRATEGY A.1.1. Violations to investigate are identified from outside complaints or through in-house research and monitoring.

Output: Number of investigations
Efficiency: Direct cost per investigation

OBJECTIVE A.2. Effectively manage compliance by CPAs with Board Continuing Professional Education (CPE) rules for annual reporting of CPE and content.

Outcome: The technical proficiency of CPAs is maintained and updated

STRATEGY A.2.1. Timely submission of CPE reports is monitored and reviewed.

Output: Number of CPE reports received/monitored
Efficiency: Direct cost of CPE reports monitored

STRATEGY A.2.2. Perform detailed audits of a statistically-relevant sample of CPE reports submitted each year.

Output: Number of CPE audits completed
Efficiency: Reports in compliance as percentage of those audited

OBJECTIVE A.3. Effectively monitor compliance of CPA firms with the Board's Compliance Assurance Rules requiring peer reviews for certain CPA Firms.

Outcome: Quality of CPA firms' reports on financial statements is enhanced.

STRATEGY A.3.1. Maintain a roster of CPA firms that require a peer review, based on firm permit renewal questions and enrollments in MSCPA / AICPA peer review programs.

Output: Monitoring of firms requiring peer review
Efficiency: Direct Cost per CPA firm peer review monitored

GOAL B: Grant licenses to qualified individual Certified Public Accountants (CPAs) and permits to qualified CPA firms (Miss. Code Ann. § 73-33-1).

OBJECTIVE B.1. Effectively manage the initial licensing and reinstatement of CPAs and initial permitting and reinstatement of CPA firms.

Outcome: New CPA's and CPA firms are properly screened for compliance with laws and rules.

STRATEGY B.1.1. Assess qualifications of CPA license applicants and CPA firm permit applicants to determine compliance with Board licensing requirements.

Output: Number of new CPA licensees
Output: Number of new firm permits
Efficiency: Direct cost per license application

OBJECTIVE B.2. Effectively manage the renewal of CPA licenses and CPA firm permits.

Outcome: Renewing CPAs and CPA firms are properly screened for continued compliance with laws and rules.

STRATEGY B.2.1. Assess continued compliance with Board licensing requirements for CPAs and firms.

Output: Number of renewals processed
Efficiency: Direct cost per annual license renewal

GOAL C: Regulate conducting the CPA examination (Miss. Code Ann. § 73-33-5 (c)).

OBJECTIVE C.1. Ensure that exam candidates meet minimum qualifications.

Outcome: Only qualified applicants are allowed to sit for the CPA exam.

STRATEGY C.1.1. Review and approve exam candidate applications based on education and residency requirements.

Output: Number of exam candidates approved
Efficiency: Direct cost per approved candidate

OBJECTIVE C.2. Monitor exam grades and time frames for passing the exam.

Outcome: Only candidates passing the CPA exam in the required time frame are allowed to apply for a license.

STRATEGY C.2.1. Receive and review grades to determine sections passed or not and to ensure all exam sections are passed within 18 months.

Output: Number of exam sections passed
Output: Number of candidates passing final section
Efficiency: Number of candidates passing final section as a percentage of total number of candidates testing during the year

GOAL D: Respond to inquiries from CPAs and the public regarding accountancy statutes and Board Rules, to inform CPAs and protect the public. (Miss. Code Ann. § 73-33-5 (f)).

OBJECTIVE D.1. Provide accurate and timely information to CPAs and the public.

Outcome: At least 90% of inquiries will be successfully answered.

STRATEGY D.1.1. Designate personnel and resources to timely respond to inquiries.

Output: Number of inquiries answered annually
Efficiency: Direct cost per inquiry answered