

155-00

Department of Audit



FY 2023 - 2027

Strategic Plan



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

**FIVE-YEAR STRATEGIC PLAN
FOR THE FISCAL YEARS 2023-2027**

1. Comprehensive Mission Statement:

The Mississippi Office of the State Auditor (OSA) is the Constitutionally authorized agency with specific mandates to prescribe systems of accounting, budgeting, and financial reporting for public offices in Mississippi. Operationally, the agency adheres to state and federal laws and standards governing auditing operations including the Office of Management and Budget Standards for Internal Control (known as the Green Book) and the Government Accountability Office Generally Accepted Government Auditing Standards (known as the Yellow Book). The OSA is part of the larger national state auditors' organization and works closely with federal and other auditing entities.

The OSA is the State entity responsible for the federal Single Audit and the Annual Comprehensive Financial Report (ACFR). The Single Audit, also known as a federal audit under Uniform Grant Guidance, is a rigorous, organization-wide (State) audit or examination of an entity that expends \$750,000 or more of federal funding for its operations. The ACFR is a set of financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with the Governmental Accounting Standards Board's (GASB) accounting requirements.

The mission of the Office of the State Auditor is to serve its stakeholders and protect the public's trust by independently assessing state and local government and other entities to ensure that public funds are properly received, are legally, effectively, and efficiently spent, and are accounted for and reported accurately.

The OSA mission is distinctive because of the unlimited scope in relation to public funds and the wide cross section of stakeholders served. This mission statement is in agreement with OSA's enabling statutes.

2. Philosophy:

The OSA is committed to the continued monitoring and safeguarding of public funds through its major functions of audit, training, and investigative activities. The OSA's philosophy is to effectively maintain the public trust by exhibiting the level of competence expected as the definitive legislated authority in fiscal matters related to all areas of taxpayer funded programs and services.



3. Relevant Statewide Goals and Benchmarks:

The OSA, in performance of its mission, has stated goals and related objectives that have a relative relationship to the Statewide Goals and Benchmarks found in *Statewide Strategic Plan for Performance and Budgetary Success*. The intended outcome of the OSA's mission, goals, and activities is to directly enhance the State's goals for economic development, education, and general government.

Statewide Goal #1: To assure strict adherence to state laws governing the use, control, and disposition of public funds.

Relevant Benchmarks #1:

- Timely, systematic audits of public entities. This includes the ACFR and the Single Audit, which impact the State's general obligation (g.o.) bond rating, a benchmark of the *Government and Citizenry Statewide Goal*;
- Comprehensive investigations of alleged violations of Mississippi law, which ultimately protects the citizenry of the State, and can help reduce the cost and inefficiency of government. This is also a *Government and Citizenry Statewide Goal*.
- Performance and Compliance reviews of legal and statutory compliance of State agencies, counties, school districts and other public entities and officials who receive public funds.

Statewide Goal #2: To increase the Office of the State Auditor's capacity as a repository of financial information related to local government operations primarily through its Technical Assistance Division, which enhances the *Government and Citizenry Statewide Goal*.

Relevant Benchmarks #2:

- Pertinent accounting and compliance assistance to state and local governments;
- Relevant training related to compliance efforts; and
- Continual updating of federal and State information manuals and guidance available to government entities and those who audit governments.

Statewide Goal #3: To identify and emphasize issues related to state taxpayer funded economic development and jobs for Mississippians, an *Economic Development Statewide Goal*.

Relevant Benchmarks #3:

- Effective monitoring of economic development projects as mandated by the Legislature to evaluate selected operations of State bond funded and tax incentive receiving businesses and industries; and
- Effective performance audits of the internal controls and management oversight of the Mississippi Development Authority and other appropriate state agencies to ensure that state tax dollars are spent efficiently and effectively.

Statewide Goal #4: To provide critical unbiased financial analysis and information related to the fiscal and operational management of the Mississippi Department of Education, the State's K-12 public schools (not including state-level k-12 schools or charter schools), and higher education, all of which are related to the *Education Statewide Goal*.



Relevant Benchmarks #4:

- Timely review of K-12 and higher education school audits performed by private CPA firms;
- Periodic audits of K-12 schools and school districts;
- Independent and timely annual review and evaluation of the MDE's request for Mississippi Adequate Education Program (MAEP) funding, the single largest item in the State budget process;
- Periodic analysis of school and district-level expenditures to allow the public and Legislature to better understand where tax dollars are being spent;
- Upon request, the calculation of the Mississippi Board of Community and Junior Colleges Mid-Level Funding request to the Legislature; and
- Periodic compliance audits of K-12 school districts for additional accountability

4. Overview of the Office Five-Year Strategic Plan:

The major goals and objectives of the OSA over the next five years, in addition to continuing to timely produce the ACFR, Single Audit, and other statutorily mandated audits and reports, are to:

- Increase the number of audits and investigations conducted at all levels through effective staff retention and recruitment;
- Increase the amount of relevant accountability information provided to the public by the OSA;
- Increase the non-federal audit rate (which helps to hire additional auditors), specifically for County Audits, move from \$35/hour to \$50/hour, which comes slightly closer to the average price per hour CPA firms charge counties, but which will remain much lower than the average rates of \$100-\$250 per hour charged by CPA firms;
- Decrease staff turnover through competitive compensation, training and related professional development opportunities including certification support;
- Increase training opportunities (internal and external) related to efficient and effective government auditing and operations;
- Increase the number of Performance Audit positions to meet the Legislative requests for more OSA performance audits; and
- Remove the salary cap on auditors that leads to the higher than normal turnover rate at OSA.

Strategies to achieve these goals include: enhanced communication (digital and direct) to inform the general public; continued and responsive interaction with the Legislature; researching and implementing methods that improve operational efficiencies; continued monitoring and evaluation of the agency environment and strategies; employing contemporary media methods for direct/real time interaction with stakeholders for information distribution and enhanced accountability.

5. Agency's External/Internal Assessment:

Like many agencies, OSA has a number of External and Internal challenges.

EXTERNAL challenges and issues:

- A. New or revised guidelines from the Governmental Accounting Standard Board (GASB) may increase the depth and complexity of audits, which will result in additional audit time and costs.
- B. New or revised pronouncements from the American Institute of Certified Public Accountants (AICPA) may change the complexity (and increase time and costs) of audits to meet its standards.



- C. Updates to federal guidelines (“Yellow Book” Standards) may increase the complexity along with time and costs of audits of federal funds to comply with the Single Audit Act.
- D. OSA has no control over the operations of external entities, only of how, and by what standards OSA conducts its audit work. Examples of areas that are dependent on external actions/activities:
 - a. The numbers of whistleblower complaints leading to audit response teams, performance audits, or investigations;
 - b. The amount of misspent or embezzled funds at a government entity or the number of entities in the state that have such activity;
 - c. The number of material or other findings defined in audit reports based on the entity’s operations and controls;
 - d. The amount of time it takes to conduct an audit if the auditee is uncooperative (thus potentially increasing the audit costs);
 - e. The auditee’s action or inaction on recommendations made in audits; and
 - f. Other factors outside the control of OSA.
- E. OSA salary structure is not on par with other state agencies and local governments offering higher salaries for auditors which will continue to entice OSA employees to pursue positions offering additional compensation.
- F. Auditees’ lack of emphasis and resource utilization in the performance of their financial reporting duties affects OSA’s ability to perform its audit functions. Ancillary to this is a lack of qualified fiscal employees at numerous government entities.

INTERNAL challenges and issues

- G. Continued staff losses due to retirement and turnover;
- H. Single salary cap that creates downward pressure on all other employee salaries;
- I. Generational changes and loss of historical and institutional knowledge; and
- J. Less experienced workforce, greater training demands

The following are positive internal issues that are being explored and increased to alleviate and combat the negative challenges and issues facing the OSA:

- K. Additional recruiting
- L. CPA Becker Course training opportunities
- M. Use of interns
- N. Cross training and shared resources
- O. Regular Peer reviews by national auditing standards team
- P. Improved technology resources

5(A). Internal Management Systems Used to Evaluate Agency Performance

OSA executive management continuously monitors cost-benefit and cost-ratio data. Review and analysis of expenditures by category and by division aids in the OSA maintaining a high level of performance on a very limited budget. Additionally, internal management monitors: per hour costs; per division costs; generation of special fund revenue; divisional expenditures in all categories, including salaries and fringe, travel,



commodity, contractual, etc. These analyses enhance agency management's ability to understand overall agency performance indicators along with identification of related strengths and weaknesses.

On a project-by-project basis, total direct man-hours and related indirect costs are recorded and monitored in a continuous effort to increase operational efficiency. Directors, managers and supervisors conduct routine staff performance evaluations of project work products and provide constructive feedback to employees, including highlights of good performance as well as areas that need improvement.

The training and education status of each employee is closely monitored to aid in project performance, with training and educational courses to meet employee CPE needs supported and provided by the agency at no cost to the employee as a benefit encouraging employment longevity.

Data needed to establish and gauge performance indicators and measures is currently maintained with data captured for post audit functions using FY 1995 as a basis. Division directors are aware of the need to record and review this information and continuously provide feedback to modify or improve measurement quality and effectiveness.

6. Agency Goals, Objectives, Strategies, and Measures by Program for FY 2023 thru FY 2027:

Program 1: Financial & Compliance Audit

GOAL A: Effective support of the state through performance of state and federally mandated annual audit operations.

OBJECTIVE A.1. Timely completion of the Annual Comprehensive Financial Report (ACFR) and the State Single Audit.

Outcome 1: Provide protection to the 298 city entities impacted by the state's bond rating.

Outcome 2: Provide protection to the 82 county entities impacted by the state's bond rating.

Outcome 3: Provide protection to the 140 school districts impacted by the state's bond rating. (This does not include audits of the K-12 state-level schools or charter schools).

Outcome 4: Complete 65% of County Audits audited by CPA firms.

Outcome 5: Complete 35% of County Audits audited by OSA.

Outcome 6: Complete 25% of Single Audit federal programs audited by CPA firms.

Outcome 7: Complete 75% of Single Audit federal programs audited by OSA.

Outcome 8: Complete 75% of General Fund Assets accessed in the ACFR Opinion Units.

Outcome 9: Complete 75% of General Fund Reserves accessed in the ACFR Opinion Units.

A.1.1. STRATEGY: Assign sufficient staff with relevant expertise to complete audit work, per Governmental Accounting Standards Board (GASB) standards.

Output: Complete approximately 125 Finance & Compliance Audits annually.

Efficiency: Perform applicable federal audit work calculated annually to reflect actual agency hourly costs.



Explanatory: Lack of funding/resources and lack of cooperation by audit entities can hinder the ability to succeed in this area.

Program 2: Technical Assistance

GOAL A: Provide accurate, relevant, and timely information to government officials.

OBJECTIVE A. 1. Provision of information in response to government officials' inquiries to assist in their daily operations.

Outcome: Effect Customer Satisfaction Rating of 75% or greater (on scale of 1 to 10).

A.1.1. STRATEGY: Assign sufficient personnel and other resources to timely routing and response to information requests.

Output 1: Manage approximately 6,200 inquiries annually.

Output 2: Issue approximately 8,000 "technicalities" newsletters.

Efficiency: Maintain cost of \$15.00 per inquiry.

Explanatory: Lack of funding/resources can hinder the ability to succeed in this area.

OBJECTIVE A. 2. Provision of information to government officials through statutorily mandated training programs.

Outcome: Effect Customer Satisfaction Rating of 75% or greater (on scale of 1 to 10).

A.2.1. STRATEGY: Sufficient annual training schedules to meet statutory requirements.

Output: Manage approximately 70 training seminars annually.

Efficiency: Maintain Cost per Unit of approximately \$15.00 per hour for training.

Explanatory: Lack of funding/resources can hinder the ability to succeed in this area.

Program 3: Investigations

GOAL A: Recovery of misappropriated public resources.

OBJECTIVE A. 1. Timely and effective processing of complaints.

Outcome: Annual recovery of embezzled and/or misspent funds for approximately \$200,000.

A.1.1. STRATEGY: Assign sufficient personnel and other resources to timely route and process complaints.

Output: Compile approximately 14,400 case-related work hours.

Efficiency: Maintain 18% of total misspent funds as recovered funds.

Efficiency: Average time from intake call to disposition of 30 working days.

Explanatory: Lack of funding/resources and lack of cooperation by audit entities or prosecutors can hinder the ability to succeed in this area.



Program 4: Performance Audit

GOAL A: Effective support of the state through completion of performance audits that assess the efficiency and effectiveness of government operations.

OBJECTIVE A. 1. Produce timely, relevant, and effective reports that meet GAO standards for performance audits

Outcome: Provide annually more than 25 relevant positive changes affecting any level government resulting from recommendations advocated in Performance Audits or Bond Monitoring Reports.

A.1.1. STRATEGY: Assign sufficient personnel and other resources to complete audits as outlined in the performance audit division's annual audit plan, as well as ad-hoc requests.

Output: Complete approximately 10 performance audits annually.

Efficiency: Complete an average of 10 - 12 audits per person annually.

Explanatory: Lack of funding/resources and lack of cooperation by audit entities can hinder the ability to succeed in this area.

A.1.2. STRATEGY: Completion of the economic development bond audits as required by state statutes and contracts.

Output: Manage approximately 0 Bond Monitoring Programs or Projects annually.

Efficiency: Complete an average of 0 audits per person.

Explanatory: Lack of funding/resources and lack of cooperation by audit entities can hinder the ability to succeed in this area.

Program 5: Administrative Services

GOAL A: Staff employee support of field auditors and other direct line division employees at the Office of the State Auditor; general support for agency operations.

OBJECTIVE A. 1. Provide timely, efficient and effective support to sustain other ongoing program activities.

Outcome: Maintain variance of less than 45 days between baseline date and posting date for applicable transaction documents.

A.1.1. STRATEGY: Maintain sufficient staff to ensure effective support operations

Output 1: Process approximately 1,300 payment documents annually.

Output 2: Process approximately 1,500 billing documents annually.

Efficiency: Benchmark staff costs to line costs at ratio of 20%.

Explanatory: Lack of funding/resources can hinder the ability to succeed in this area.



Additional Information Statement Provided by OSA Regarding its Strategic Plan

OSA believes, based on discussions with staff experienced in public sector strategic planning that the removal of qualitative performance indicators actually weakens the agency's strategic plan. Additionally, outside persons, who may not understand what an agency actually does, should not necessarily be allowed to require certain quantitative measures because such measures may:

- A) Have no bearing on the actual performance or needs of an agency
- B) Put the agency in jeopardy with national and international standards or licensing boards
- C) May not measure an agency's performance and may only result in interesting but irrelevant information that is then used to determine an agency's appropriation.

Requiring an agency to quantify and define performance measures that the agency has no control over does not reflect the agency's performance. For example, the number of technical assistance calls an agency may receive is solely dependent on the number of outside individuals who may have questions due to a lack of information or education (or, another example, a natural resource agency would have no control over how much it rains). The number of questions received has nothing to do with OSA's performance. However, OSA would argue that the timely processing of such questions and the accuracy of the answer or re-routing of the question is absolutely a reflection of OSA performance and its benefit to the taxpayer.

Similarly, the numbers of hours expended on an investigation are always circumstantial. Every investigation is unique. A better measure of performance is how quickly from intake to final disposition a complaint is handled. OSA does not have prosecutorial power and is at the mercy of district attorneys, judges, juries, etc. How well (qualitative measure) a case is put together is much more relevant to the agency's performance than how an outside entity handles the case once it is turned over. Mistakes in investigation, testimony, or reporting are also better measures of our agency's performance.

OSA believes that it is important to allow an agency to define its own meaningful qualitative and quantitative performance measures that show the relationship to Statewide goals, but which also may provide a meaningful planning tool for the agency and useful information to those outside of the agency. When an agency is restricted in its planning, it may negatively impact performance or results as it expands effort tries to achieve goals and objectives that may be unattainable, irrelevant, unrealistic, or are not within the control of the agency.



PERFORMANCE INDICATORS AND MEASURES



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Name of Agency

1 - Finance & Compliance

PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry on the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Number of Audits Completed (Finance & Compliance) (#)	68	75	80
2 Number of Audits Completed (Property/Inventory)	0	0	0

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Timely Completion of the CAFR to Include Authorized Extension(s) (1.00 = 100% for "yes").	1.00	1.00	1.00
2 Timely Completion of the State Single Audit to Include Authorized Extension(s) (1.00 = 100% for "yes").	1.00	1.00	1.00
3 Federal Audit Rate (Cost per Audit) (\$)	98.47	98.47	98.47

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by X% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 County Audits - Percentage Audited by CPA Firms (%)	72.00	70.00	65.00
2 County Audits - Percentage Audited by OSA (%)	28.00	30.00	35.00
3 Single Audit Audits - Percentage Audited by CPA Firms (%)	0.00	0.00	25.00
4 Single Audit Audits - Percentage Audited by OSA (%)	100.00	100.00	75.00
5 CAFR Opinion Units - Percentage General Fund Assets (%)	90.00	75.00	75.00
6 CAFR Opinion Units - Percentage General Fund Reserves (%)	84.00	75.00	75.00



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2 - Technical Assistance

Name of Agency

PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry on the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Technical Assistance Inquiries (#)	7,861.00	6,100.00	6,200.00
2 Training Seminars (#)	73.00	70.00	70.00
3 "Technicalities" - number issued (#)	0.00	8,000.00	8,000.00
4 Special Projects (#)	15.00	10.00	10.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Cost per Technical Inquiry (\$)	15.00	15.00	15.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Customer Satisfaction Rating (%)	75.00	75.00	75.00



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Name of Agency

3 - Investigations

PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry on the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Case-related work hours (#)	18,328.75	14,400.00	14,400.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Recovered funds as a percent of total misspent funds (%)	369.00	18.00	18.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Recovered embezzled &/or misspent funds as a result of Investigations conducted by this office (\$)	2,393,480.72	200,000.00	200,000.00



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4 - Performance Audits

Name of Agency

PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry on the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Number of Performance Audit Reports Completed	5.00	10.00	10.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Complete an Average of 10-12 School Data Quality Audits per Person (1.00 = 100% for "yes").	0.00	0.00	0.00
2 Complete an Average of 5 Economic Development Bond Audits per Person (1.00 = 100% for "yes").	0.00	0.00	0.00
3 Timely Completion of the Verification of the MAEP Formula Estimate by February 28 (1.00 = 100% for "yes").	1.00	1.00	1.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2021 ACTUAL	FY 2022 ESTIMATED	FY 2023 PROJECTED
1 Number of positive changes recommended in Performance Audits or Bond Monitoring Reports	81.00	25.00	25.00



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5 - Administration

Name of Agency

PROGRAM NAME

PROGRAM OUTPUTS: (This is the measure of the process necessary to carry on the goals and objectives of this program. This is the volume produced, i.e., how many people served, how many documents generated.)

	FY 2021	FY 2022	FY 2023
	ACTUAL	ESTIMATED	PROJECTED
1 Number of Payment Documents Generated (#)	1,250.00	1,300.00	1,300.00
2 Number of Billing/Invoices Documents Generated (#)	1,488.00	1,500.00	1,500.00

PROGRAM EFFICIENCIES: (This is the measure of the cost, unit cost or productivity associated with a given outcome or output. This measure indicates linkage between services and funding, i.e., cost per investigation, cost per student or number of days to complete investigation.)

	FY 2021	FY 2022	FY 2023
	ACTUAL	ESTIMATED	PROJECTED
1 Ratio of Staff Costs Compared to Line Costs (Benchmark at 20% of agency budget) (%)	13.00	20.00	20.00

PROGRAM OUTCOMES: (This is the measure of the quality or effectiveness of the services provided by this program. This measure provides an assessment of the actual impact or public benefit of your agency's actions. This is the results produced, i.e., increased customer satisfaction by x% within a 12-month period, reduce the number of traffic fatalities due to drunk drivers within a 12-month period.)

	FY 2021	FY 2022	FY 2023
	ACTUAL	ESTIMATED	PROJECTED
1 Average baseline date to posting date variance in days (#)	45	45	45