

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



A Review of the Office of the Secretary of State

The Secretary of State's Office is a service, information, and regulatory agency. The office addresses various risks to the public through its provision of four primary service functions: administrative/recordkeeping/disclosure, consumer protection, public lands management, and training of election officials.

The Secretary of State's Office is successfully addressing risks to the public. However, the office does not utilize formal, written policies and procedures to enhance efficiency and effectiveness within the divisions, nor does it effectively use performance measures to monitor its success in achieving goals and objectives.

Revenues of the Secretary of State's Office increased 162.5% from FY 1990 to FY 2000. Expenditures increased 63.2% for the same period, primarily as a result of a staffing increase. While the Secretary of State's workload increase indicated a need for additional personnel during this period, the office did not maintain historical workload data by division. Thus, PEER could not verify whether the total number of positions added was appropriate and whether the positions were added to the divisions with the greatest amount of need.

The Secretary of State's Office generally provides readily accessible information, both on-site and on-line, to the public. However, the office currently does not have a formal procedure in place for handling and tracking complaints.

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A flowing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five 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. 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 three Representatives and three Senators voting in the affirmative.

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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.

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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April 10, 2001

Honorable Ronnie Musgrove, Governor
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Members of the Mississippi State Legislature

On April 10, 2001, the PEER Committee authorized release of the report entitled **A Review of the Office of the Secretary of State.**

A handwritten signature in black ink, appearing to read "Herb Frierson", written over a horizontal line.

Representative Herb Frierson, Chairman

This report does not recommend increased funding or additional staff.

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A Review of the Office of the Secretary of State

Executive Summary

The Office of the Secretary of State is a service, information, and regulatory agency. The office addresses various risks to the public through its provision of four primary service functions: administrative/recordkeeping/disclosure, consumer protection, public lands management, and training of election officials.

The Secretary of State serves as the state's primary record-keeper and information provider in elections, charities, securities, public lands, and business services. Through its Elections Division, the office enforces laws requiring political action committees, candidates and election committees, lobbyists and their clients disclose the sources of their funds and to whom they make disbursements of those funds. The office also provides training to elections officials throughout the state and preserves availability of the records to the public.

The Business Services Regulation and Enforcement Unit collects information and seeks to warn and thus protect the public from harm due to improper charitable solicitations, illegal securities schemes or unscrupulous broker-dealers. Additionally, the Secretary of State's Office has broad regulatory authority in the areas of securities dealings, investment broker-dealers, and charity management. The Business Services Filing and Customer Service Unit maintains records on state business entities and other commercial dealings and ensures public access to the information. The Secretary of State's Public Lands Division assists local school districts in maintaining school trust land management systems. The division also ensures that tax-forfeited land is sold and placed back on the county tax rolls, an accurate inventory of state agency-held land is maintained, and that the state's coastal tidelands are leased to preserve their natural state, except where a higher public purpose is served. The Publications Division oversees publications of official documents of the state and the agency.

The Secretary of State's Office is successfully addressing risks to the public through efficient filing, streamlining of

functions, proactively providing consumer education regarding charitable organizations and securities, auditing and investigating charitable organizations and securities, verifying that sixteenth section leases are in compliance with state law, increasing sales of tax-forfeited lands, and providing elections training to local officials. However, the office does not utilize formal, written policies and procedures to enhance efficiency and effectiveness within the divisions, nor does it effectively use performance measures to monitor its success in achieving goals and objectives. The office acknowledges the deficiencies in its performance measures and is currently working to create and utilize more accurate and effective measures.

From FY 1990 to FY 2000, the Secretary of State's available revenues (not including the funds generated from tidelands leases and remitted to the Department of Marine Resources) increased by 162.5%, from approximately \$4.8 million to approximately \$12.7 million, primarily as a result of an increase in business activity. The Office of the Secretary of State's expenditures increased 63.2% from FY 1990 to FY 2000, primarily as a result of a staffing increase. While the Secretary of State's workload increase indicated a need for additional personnel during this period, the office did not maintain historical workload data by division. Thus, PEER could not verify whether the total number of positions added was appropriate and whether the positions were added to the divisions with the greatest amount of need.

The Secretary of State's Office generally provides readily accessible information, both on-site and on-line, to the public. However, the office currently does not have a formal procedure in place for handling and tracking complaints.

Recommendations

1. The Secretary of State's website should offer a direct link to the National Association of Securities Dealers website for searching and accessing security information.
2. The Office of the Secretary of State should continue to pursue on-line filing for all applicable documents to enhance the user-friendliness of the office.
3. The Office of the Secretary of State should adopt formal procedures establishing uniform policy for the receipt and documentation of complaints involving office services.

4. The Office of the Secretary of State should adopt procedures for collecting divisional staffing numbers to be presented in the annual budget request. The procedure should help ensure that the staffing numbers presented in the request are accurate. In addition, the staff should compile and maintain historical staff information and documentation. This compilation should aid in the office's ability to perform future efficiency studies.
5. The Office of the Secretary of State should construct performance measures that will allow it to accurately measure efficiency and effectiveness relative to the office mission. An effective measurement system should include a clear statement of program objectives tied to the organizational mission and the measurement of achievement of each objective using indicators that are:
 - comprehensive (the indicators measure the program's objectives);
 - relevant (the indicator is directly or indirectly related to the objective);
 - valid (the indicator measures what it purports to measure);
 - verifiable (there is adequate supporting documentation for the actual figure presented); and,
 - accurate (recalculation provides the same figure as that which is presented).

(See Appendix H, page 55, for the components of effective performance measurement.)

6. The Office of the Secretary of State should adopt formal written policies and procedures for each division to standardize how individuals are to perform the required work.
7. The Secretary of State should include in its annual report an accounting of revenue and expenditures for the Public Trust Tidelands Fund, the Land Records Maintenance Fund, and The Securities Act Enforcement Fund.

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A Review of the Office of the Secretary of State

Introduction

Authority

The PEER Committee authorized a review of the Office of the Secretary of State pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972). This review is a “cycle review,” which is not driven by specific complaints or allegations of misconduct.

Scope and Purpose

The review sought to answer the following questions:

- What are the risks addressed by the Secretary of State’s Office?
- How well has the Secretary of State’s Office addressed these risks?
- How has the Secretary of State utilized resources in administering the office?
- Are products and services of the Secretary of State’s Office “user friendly?”

Method

PEER reviewed trends in revenues, expenditures, and staffing during the last ten fiscal years at the Office of the Secretary of State. PEER also reviewed the office’s planning and communication tools and its internal and external performance measures. To measure the office’s success in being user friendly, PEER tested public

accessibility to information, both directly through the office (on-site) and through the office's website (on-line).

PEER reviewed relevant sections of state law, rules, regulations, policies, and procedures regarding the Secretary of State's programs. PEER also examined the office's financial records and program performance data for fiscal years 1990 through 2000.

PEER also interviewed staff and analyzed documents from the Office of the Secretary of State, other state agencies, associations, and other states.

Background

Statutory Functions and Authority

The Office of the Secretary of State was established in the MISSISSIPPI CONSTITUTION OF 1817, Article IV, Section 14. The current version of that provision is found in the MISSISSIPPI CONSTITUTION OF 1890, Article 5, Section 133.

The Secretary of State's Office's major statutory functions include:

- administration of the Mississippi Corporations Law, the Uniform Commercial Code, the Uniform Securities Law, and the Election Code;
- administration and supervision of Mississippi's public lands;
- issuing documents and publications of the state, including those for the executive and legislative branches;
- investigating charity and securities fraud;
- issuing notary commissions;
- registering correspondence schools;
- administering the state's trademark and servicemark laws;
- receiving service of process; and,
- carrying out the Administrative Procedures Act.

Significant new responsibilities that the Legislature delegated to the Office of the Secretary of State during the decade of the 1990s were:

- ***Tidelands Act***--This act was originally adopted in 1989 and was amended in 1994 to create the Public Tidelands Trust Fund, administered by the Secretary of State's Office. The Secretary of State's Office acts as the state's trustee in leasing tidelands.
- ***Public lands***--An April 1993 amendment required an inventory by state agencies of all land purchased with

appropriated funds and mandated that the Secretary of State's Office handle the sale of state-owned lands.

- **Campaign finance laws**--In 1999, significant financial disclosure and reporting requirements, such as reporting all expenditures in excess of \$200, became effective for candidates and campaign and political action committees. The Secretary of State's Office administers the reporting and disclosure requirements through its Elections Division.
- **Lobbying laws**--Lobbyists and their clients are now subject to registration, financial disclosure, and reporting requirements due to amendments passed in 1994. These duties are handled through the Elections Division of the Secretary of State's Office. In addition to registration and reporting requirements, the changes also empowered the Secretary of State's Office to assess civil fines for violations of the act.
- **Securities**--The Mississippi Legislature passed the Uniform Securities Act in 1981, which has been amended six times since 1990. These amendments include responsibility for registration and regulation of investment advisers and the passage in 2000 of an act to protect the owners of life insurance policies who seek to sell their policies before death. Also, in 1993, the Legislature authorized the Secretary of State to administer and enforce the provisions of the Mississippi Commodities Act. This act prohibits certain fraudulent and unlawful conduct in commodity investment transactions and activities in Mississippi. The Business Services Regulation/Enforcement Unit oversees implementation of these provisions.
- **Charities**-- The Secretary of State's Office is authorized by the Mississippi Charitable Solicitation Act (MCSA) to register and regulate charities that solicit contributions in Mississippi. MCSA was first adopted in 1991. The act was amended in 1992 to provide for interpretive opinions and additional registration requirements, and again in 1994 to include humane societies as exempt organizations. In 1997 the act was amended again to grant the office investigative and additional regulative authority for charitable organizations.

The office presently carries out its constitutional and statutory responsibilities through work in five areas. These divisions are Business Services (the Filing and Customer Service Unit and the Regulation and Enforcement Unit), Elections, Publications, Public Lands, and Support Services. Appendix A, pages 41-44, presents the five divisions and the units and functions within each division.

Risks Addressed by the Secretary of State

What are the risks addressed by the Secretary of State's Office?

The Office of the Secretary of State is a service, information, and regulatory agency. The primary areas of risk addressed by the office may be classified into four functional categories: administrative/recordkeeping/disclosure, consumer protection, public lands management, and training of election officials. The office addresses various risks to the public through its provision of these service functions.

Any government agency or office provides some type of service to the public. Depending on the type of agency, the type of service to the public differs. For example, many of the services provided by the Department of Health relate to the promotion and protection of public health within the state, while the chief service of the Department of Transportation is construction and management of the state transportation system.

While the types of services of the various government offices or agencies differ, their services are designed to address risks to the public. If service is disrupted, a level of risk to the public can arise, although some risks are of a higher level and priority than others.

The Office of the Secretary of State is a service, information, and regulatory agency. The office performs its duties in four main functional categories: administrative/recordkeeping/disclosure, consumer protection, public lands management, and training of election officials.

Administrative/Recordkeeping/Disclosure

The Secretary of State is responsible for the administration of business record filings, registrations, disclosures, and other statutorily required information. The office receives the required information, files it, and makes it available to the public. The Secretary of State is responsible for maintaining accessible records in such areas as:

- Uniform Commercial Code filings;
- corporate filings;
- lobbyist registration;
- campaign finance reporting;

- processing of notary public applications;
- elections;
- constitutional initiatives;
- fee-paid officials filings;
- public lands lease information; and,
- tax property available for sale.

If the office is not properly performing its administrative duties and information is limited or not accessible, individuals and corporations may not be able to make informed decisions relative to business, elections, securities, and charities. In addition, legal issues could arise if an organization is claiming a corporate or other type of business status without actually filing with the Secretary of State.

Consumer Protection

The Secretary of State's Office helps to protect the public from harm due to improper charitable solicitations, illegal securities schemes, or unscrupulous broker-dealers. The main avenue by which the Secretary of State safeguards citizens is ensuring availability of information about charities, securities, and dealers before an individual contributes or invests.

Charities are required to register with the Secretary of State if they wish to solicit money from people living in the state and each year the office publishes a list of charities eligible to do business in Mississippi. (See page 14 for discussion.) For those who lack access to the report, the office maintains a statewide toll-free number for those who want to check out a charity before they donate.

The Regulation and Enforcement Unit also protects the public interest by investigation of questionable charitable, securities offerings, or broker actions by checking out consumer complaints and checking referrals from other agencies. While the Secretary of State cannot criminally prosecute violators of the state's charitable solicitations, securities, or broker-dealer laws, the office can take legal action to force them to halt illicit activities, including monetary penalties and a court order to cease and desist.

Public Lands Management

The Office of the Secretary of State plays an important role in protecting the state's interest through administration and supervision of Mississippi's public lands. The office performs land management functions relative to:

- sixteenth section lands;
- public trust tidelands;
- tax-forfeited lands; and,
- agency-held lands.

The office works to reduce the risk that actions relative to public trust lands might not in the best interest of the public. For example, in the area of sixteenth section lands, the office reviews leases to ensure that the lease was granted in compliance with state law. If the leases are not in compliance, one of the risks that exists is that the school districts will not obtain adequate compensation for the use of their lands.

The Secretary of State's Office also acts as the state's trustee in leasing tidelands or those submerged lands that extend three miles beyond the Barrier Islands. For development in these areas, the Secretary of State's Office negotiates the lease, while the Department of Marine Resources issues permits for development. The Secretary of State's Office administers the Public Trust Tidelands Fund, into which lease funds are channeled. After recovering administrative costs, the office disburses the remainder of the fund each year to the Department of Marine Resources for various mandated purposes. Tidelands leases are made with the "higher public interest" of protecting the ecologically sensitive areas.

Training of Election Officials

State law requires the Elections Division of the Office of the Secretary of State to provide election training to municipal and county election commissioners and local party executive committee members. A risk is posed to the public and to the election process if election officials do not understand proper conduct relative to state law. To alleviate this risk, the office currently sponsors an annual certification training session and multiple make-up certification training sessions.

How well has the Secretary of State's Office addressed risks to the public?

The Secretary of State's Office is successfully addressing risks to the public through efficient filing, streamlining of functions, proactively providing consumer education regarding charitable organizations and securities, auditing and investigating charitable organizations and securities, verifying that sixteenth section leases are in compliance with state law, increasing sales of tax-forfeited lands, and providing elections training to local officials. However, the office does not utilize formal, written policies and procedures to enhance efficiency and effectiveness within the divisions, nor does it effectively use performance measures to monitor its success in achieving goals and objectives.

As stated on pages 3-7, in performing its statutory duties, the Office of the Secretary of State addresses risks in the areas of administrative/recordkeeping/disclosure, consumer protection concerning securities and charities, public lands management, and training of election officials. PEER posed specific questions to evaluate the office's success in performing these functions.

Administrative /Recordkeeping/ Disclosure

Is the Business Services Division performing its filing function efficiently in comparison with similar offices in the contiguous states?

The Mississippi Office of the Secretary of State maintained the highest number of filings per staff member in comparison with the four contiguous states.

To measure the efficiency of the Business Services Division in performing its filing function, PEER compared the total number of filings per individual staff member in the Mississippi Secretary of State's Business Services Division with the total filings per staff member in similar offices in the four contiguous states.

Since each office may be required to handle different types of filings, PEER looked at total filings per staff as opposed to individual types of filings. Furthermore, with the exception of Mississippi, the staff in these divisions serve both filing and customer services functions. In the Mississippi Secretary of State's Business Services Division, filing and customer service are separate units. To make the comparisons more uniform, PEER included all staff within the divisions, including customer service, in calculating the filings per individual. Because each state's filing requirements are unique, and differing amounts of

time are required for the various types of filings, the information obtained as a result of the analysis does not provide an absolute efficiency measure, but rather an indication of how efficiently the division performs in comparison with similar offices in the contiguous states.

In FY 2000, the Filing and Customers Services Division processed 8,815 filings per staff member.

As shown in Exhibit 1, below, of the five states considered, in FY 2000 the Business Services Division of the Mississippi Office of the Secretary of State processed the greatest number of filings per individual staff member. Mississippi processed 8,815 per staff member.

Exhibit 1: Total Filings per Staff Member within Business Services or Similar Division in Mississippi and the Four Contiguous States for FY 2000

	Total Filings*	Total Staff**	Filings per Staff
Alabama	149,402	21	7,114
Arkansas	72,423	28	2,587
Louisiana***	159,961	30	5,332
Mississippi	176,304	20	8,815
Tennessee	582,750	70	8,325

* This includes total filings reported by the individual states. For MS this includes all filings presented in the FY 2002 Budget Request.

** With the exception of MS, each state's staff performs both filing and customer service functions. Therefore PEER has included both the filing and customer service staff in its total staff number for MS.

*** In Louisiana, UCCs are filed at the parish (county) level; therefore, UCCs are not included in the filing total.

SOURCE: PEER analysis.

Is the Office of the Secretary of State actively engaged in efforts to streamline functions within its Business Services Division?

The Office of the Secretary of State contracted with an outside consultant to develop a system application to enable the Business Services Division to function more efficiently and effectively.

In an effort to promote efficiency within the Business Services Division, in April 1999, the Office of the Secretary of State hired a consultant to develop a consolidated data management application for the Business Services Division (referred to as the Bienville Project). The purpose of the

application was to create a more effective and efficient work environment. The information obtained from the research included (but was not limited to) a detailed review of all day-to-day functions of all units; a detailed assessment and delineation of the primary functions of each unit; and detailed workflow analysis and case models to illustrate interaction between users and the existing system. The office uses the information obtained from the research to pursue project management and computer systems application development.

Does the office utilize formal policies and procedures to enhance efficiency and effectiveness within the division?

Not all divisions of the Secretary of State's Office possess formal, comprehensive policies and procedures.

Policies and procedures play an important role in establishing step-by-step guidelines for performance within an office or agency. Step-by-step procedures standardize how individuals are to perform the required work. Lack of formal, written policies and procedures creates the possibility that work may not be performed either in the best interest of the public or in the most efficient or effective manner possible.

Rather than adopting their own formal, written policies and procedures, some units within the Secretary of State's Office have adopted other agencies' policies and procedures or have informal memorandum policies and procedures.

PEER requested copies of written policies and procedures from each of the five divisions. In some instances, the units within a division have adopted policies and procedures of other agencies and maintain links to the other agencies' policies and procedures on the office Intranet. For example, the office Intranet provides a link to the State Personnel Board website for the office's human resources policies and procedures. In other cases, while units within a division have adopted the policies of another agency (such as the Department of Finance and Administration), the unit may perform additional activities that are not documented in formal policy. Finally, in other divisions, only informal memorandum policies and procedures exist.

Performance measures are intended to gauge an entity's performance and quantify its success in meeting goals or objectives. Is the Office of the Secretary of State effectively using performance measures to monitor its success in achieving goals and objectives?

While the performance indicators currently used by the Secretary of State do not adequately measure the agency's success in achieving its mission, the office recognizes this deficiency and is working to create more accurate performance measures.

Many of the Secretary of State's performance indicators are goals or estimates rather than actual performance measures, are not measurable, or duplicate other indicators.

Performance measures are used to gauge an office's or agency's success in meeting its objectives. PEER analyzed the Secretary of State's performance measures to determine whether the indicators measure the agency's success in achieving its stated mission. According to the 2000 Annual Report of the Office of the Secretary of State, the office's mission is to:

. . . uphold its constitutional and statutory obligations by applying prudent stewardship and sound management principles to the state's land trusts; by encouraging participation and demanding honesty in the state's election processes; by reporting and storing the state's records in useful, accessible formats; by supporting the state's economic growth through sensible regulation of corporations, securities, and liens; and by executing these duties with courtesy, speed, accuracy, and efficiency. [Emphasis added]

PEER based its analysis on the performance indicators reported in the Secretary of State's FY 2002 Budget Request to the Legislative Budget Committee. PEER determined several problems with the agency's performance indicators:

- Many performance indicators measure the same thing (duplications exist). For example, the number of administrative proceedings in the Business Services Division is classified in the budget request three ways-- as an output, efficiency, and outcome indicator.
- Many performance indicators do not measure actual performance, but are goals or estimates. For example, the notary application process time presented as an actual figure in the budget request is only an estimate and the process time for corporate reinstatements is a goal rather than an actual measure.
- Many indicators are not measurable. For example, one outcome indicator states the "percentage increase in the implementation and improvement of the Imaging Project for Lands Records." This is an abstract

performance indicator as opposed to a quantifiable measure.

Agency staff acknowledge that the office's performance indicators are weak and that the current indicators do not accurately reflect the operations of the agency today.

Agency staff state that they are developing new performance measures that will focus more on efficiency and effectiveness and that will better reflect the operations of the division. These new measures will be the basis for the implementation of a computerized management reporting system, called the "traffic light" system, that will enable the assistant secretaries and division managers to monitor division and unit performance in real time. A green light indicates that all measures are being met, while a yellow or a red light indicates that measures are not being met by varying degrees. Assistant secretaries and division heads will be able to click on the "traffic light" icon on the computer screen to see background information concerning a division or the agency as a whole for that day. This would reduce the paperwork associated with weekly status reports and would provide continual, up-to-the-minute, automated division information.

Consumer Protection

Is the Office of the Secretary of State currently using its resources to disseminate information proactively and educate the public regarding charitable organizations and securities?

The Office of the Secretary of State takes a proactive approach to informing the public regarding charitable organizations and securities investments.

The Business Services Division of the Secretary of State is charged with the administration of the Mississippi Securities Act and the Mississippi Charitable Solicitations Act. The Regulation and Enforcement Unit of the Business Services Division protects the public through registration and investigation of charities and regulation and investigation of securities.

To be effective, it is necessary that the Secretary of State's Office take a proactive approach to protect the public from illegal or fraudulent securities and charities. An important part of being proactive in the protection of the public is to ensure that information relative to charities and securities is available to the public prior to a citizen's investment or contribution.

Charities

The Secretary of State publishes an annual report listing registered charities and the amount of solicited funds used for administrative and fundraising expenses and for charitable purposes.

The Secretary of State maintains a proactive public information program for charities. This program consists of consumer education about related regulations and the publication of an annual report on registered charities. *The Report on Charitable Organizations in Mississippi* is compiled from required information submitted by charitable organizations. This report is issued annually and lists all registered charities and the amount of solicited funds that were used for administrative and fund-raising expenses and for charitable purposes. In addition to the percentage expenditure breakdown, the report also provides The Council of Better Business Bureaus' suggested reasonable use expenditure percentages (e.g., at least fifty percent of total income from all sources is spent on programs and activities directly related to the organization's purpose). The information provided in the report allows individuals to verify whether a charity is registered and if so, whether it meets the recommended percentage limitation. The Secretary of State's Office also handles telephone inquiries about charity solicitations and refers small charities to state and federal requirements they must meet.

Securities

As of February 2001, the Secretary of State's website did not have a link to the National Association of Securities Dealers website, the primary source of information on securities registered with the state.

While the Office of the Secretary of State does not provide an annual report for all securities registered with the state, information on these securities is available at the NASD (National Association of Securities Dealers) website. As of February 2001, the Office of the Secretary of State's website did not have a link to NASD. The Secretary of State's Office provides additional public information on its website, with topics including investigating investments prior to participation, investment scams, and selecting a financial planner.

Also, in FY 1999 the Secretary of State contracted with a full-time individual to educate the public and governed entities (securities and charities) through a quarterly newsletter, brochures, and seminars.

How does the Office of the Secretary of State ensure that securities and charities are operating in compliance with state law?

The Office of the Secretary of State has full-time personnel who perform audits of charity and security organizations.

Charities

The Secretary of State has full-time personnel who perform audits of charity organizations. These personnel take written complaints from any interested party. The standard complaint form is located on the office's website. While state law confers the authority to audit charities, only one audit has been conducted during the current fiscal year. The sole audit was performed due to a complaint filed with the Regulation and Enforcement Unit. With newly hired staff in previously vacant positions, the Regulation and Enforcement Unit is beginning a process of random and routine audits of the approximately 1,500 charities registered with the Mississippi Secretary of State, unit personnel said.

The Secretary of State's Office may obtain a court order to stop an illegal charity from soliciting the state's citizens if it fails to abide by the law.

The unit can take legal action against those who fail to maintain an up-to-date registration, or those who otherwise violate the Mississippi Charitable Solicitations Act, by pursuing an administrative procedure. This involves certified mail notice to the violator of the right to a hearing conducted by a hearing officer. The Secretary of State's Office may fine violators; for instance, unregistered charities can be forced to pay a percentage of the amount collected from Mississippians during the period the charity failed to comply with state law. Ultimately, the Secretary of State's Office may obtain a court order to halt an illegal charity from soliciting the state's citizens if it fails to abide by the act. Criminal actions, however, are referred to local officials for prosecution.

Securities

The Secretary of State's Office can fine or otherwise penalize a securities law violator or secure a court order that halts the violator's practice.

The office maintains an investigative unit that reviews complaints regarding the sale of unregistered securities or those securities that may violate state and/or federal laws, as well as the broker-dealers who may offer them for sale. As with charities, the office can pursue administrative remedies to fine or otherwise penalize violators or secure a court order that halts the violator's practice altogether.

Public Lands Management

Does the Office of the Secretary of State have procedures in place to ensure that sixteenth section leases are in compliance with state law?

While the office has not adopted formal procedures for administration of sixteenth section lands, the office has informal review procedures to verify whether the leases are in compliance with statutory requirements.

Under state law, all sixteenth section leases must be submitted by the school districts to the Secretary of State for review. The Secretary of State reviews the leases to ensure that they were granted in compliance with MISS. CODE ANN. §29-3-1 et seq. The office's informal procedure includes review based on a checklist for statutory compliance. This includes checking for:

- adequate compensation for use of the property (including review of the appraisal, if one is required);
- proper identification of the lessor and lessee and proper description of the land;
- whether the land is being leased for its proper classification;
- whether notice of bid was advertised (if required);
- proper term of the lease and proper rent adjustment provisions;
- proper government authorities' execution of the lease; and,
- whether the lease has been filed for record in the office of the chancery clerk.

Has the Office of the Secretary of State increased sales of tax-forfeited lands?

From FY 1990 through FY 2000, the office more than doubled the number of tax-forfeited parcels sold, enabling the land to be returned to private ownership and again be subject to county ad valorem taxes.

Tax-forfeited lands are properties that have been turned over to the state as a result of non-payment of ad valorem property taxes. When these properties are no longer in private ownership, the local taxing entity collects no revenue. It is in the public best interest for the Secretary of State to return the properties to private ownership so

that they are once again subject to county ad valorem taxes.

The number of patents by the Secretary of State increased from 279 in FY 1990 to 670 in FY 2000.

In an effort to promote sale of these lands, the Secretary of State's website provides descriptions and prices of each site by county. The number of patents (documents by which the state grants ownership of public lands to an individual) issued by the office increased from 279 in FY 1990 to 670 in FY 2000.

Training of Election Officials

Is the Elections Division of the Secretary of State's Office meeting its legal responsibility of training administrators and providing information about the Mississippi election process?

Through its sponsorship of statewide training sessions, the office is meeting its training and information mandate.

MISS. CODE ANN. Section 23-15-211 mandates that the Secretary of State sponsor and conduct an election seminar for election commissioners and chairpersons of each political party's executive committee. The seminar is a tool utilized to train and inform the attendees about the Mississippi election process and their duties in conducting primary and general elections.

The Secretary of State conducts annual election training sessions for county election commissioners, circuit clerks, municipal election commissioners, municipal clerks, and party executive committee members.

The office has met the training and information requirements through its provision of certification training sessions for election commissioners, sponsored in conjunction with the Election Commissioners Association of Mississippi. The certification training session is conducted annually and includes such attendees as county election commissioners, circuit clerks, municipal election commissioners, municipal clerks, and party executive committee members. Makeup certification training sessions are also held annually at various locations throughout the state.

How has the Secretary of State utilized resources in administering the office?

From FY 1990 to FY 2000, the Secretary of State's available revenues increased 162.5%, from approximately \$4.8 million to approximately \$12.7 million, primarily as a result of an increase in business activity. The Office of the Secretary of State's expenditures increased 63.2% from FY 1990 to FY 2000, primarily as a result of a staffing increase. Because the Office of the Secretary of State does not maintain historical workload data by division, PEER could not perform a workload analysis to verify the need for the staffing increase.

Collection of Revenues

Revenue Sources

The Office of the Secretary of State is a special fund agency that supports itself from its revenue collections. What are the office's revenue sources?

The office derives its revenue from corporate, Uniform Commercial Code, securities, and miscellaneous fees; sales of tax-forfeited lands; leases of tidelands; and, penalties and fines assessed on charities and securities firms and professionals.

The Office of the Secretary of State is a special fund agency. The office derives all of its revenue from fees and charges assessed by the office rather than from federal or state general funds. The office maintains revenue information by fund number rather than by program. The Secretary of State's four funds include the office's general fund and the Land Record Maintenance, Public Trust Tidelands, and Securities Act Enforcement funds. (Appendix B, page 45, presents the four funds utilized by the Office of the Secretary of State and the sources and uses of the funds.)

The Office of the Secretary of State collects revenue from corporate, Uniform Commercial Code (UCC), securities, and miscellaneous fees (Secretary of State "general fund"); sales of tax forfeited lands fees (Land Records Maintenance Fund); lease rentals of tidelands (Public Trust Tidelands Fund); and penalties and fines assessed on charities and securities firms and professionals (Securities Act Enforcement Fund). As with other special fund agencies, the Secretary of State's Office requests a portion of the revenue for operating costs and the Legislature subsequently appropriates the funds back to the agency. At the conclusion of each fiscal year, the balance of revenue minus expenses in the office's "general fund" is

transferred to the state general fund. As required by MISS. CODE ANN. Section 29-15-1 et seq., the Secretary of State annually transfers funds collected from tidelands leases, less the amount retained by the office for annual administrative costs, to the Department of Marine Resources (DMR) for tidelands projects. Balances in the Land Records Maintenance and Securities Act Enforcement funds not expended that year remain in the fund and are carried over to the next fiscal year.

Appendix C, page 46, presents the total funds appropriated, revenues collected, expenditures, the amount remitted to the General Fund and the Department of Marine Resources, and the remaining balance and expenditures as a percent of revenues for FY 1990 through FY 2000

In FY 2000, the Secretary of State's Office received ninety percent of its revenue from corporate, UCC, and miscellaneous fees. The remaining revenue came from sales of tax-forfeited lands, administrative fees for tidelands leases, and penalties and fines assessed to charities and securities.

In FY 2000, \$11,480,841 (90.5%) of the Secretary of State's revenue (percent calculated excluding tidelands lease funds turned back to the Department of Marine Resources) was derived from corporate, UCC, securities and miscellaneous fees. This was followed by \$714,145 (5.6%) from fees from the sale of tax-forfeited land, \$298,470 (2.4%) in administrative fees retained by the office from tidelands leases, and \$195,840 (1.5%) from penalties and fines assessed to charities and securities. PEER did not include tidelands lease revenue in the available revenue because under the Tidelands Act the office is charged with serving as the administrator of the tidelands and is consequently responsible to remit all revenue (less administrative fees) to the Department of Marine Resources (see discussion on page 24).

Business Activity (Filing and Registration Fees)

From FY 1990 to FY 2000, the Secretary of State's available revenues more than doubled, from \$4.8 million to \$12.7 million. What was the primary reason for the increase in revenues?

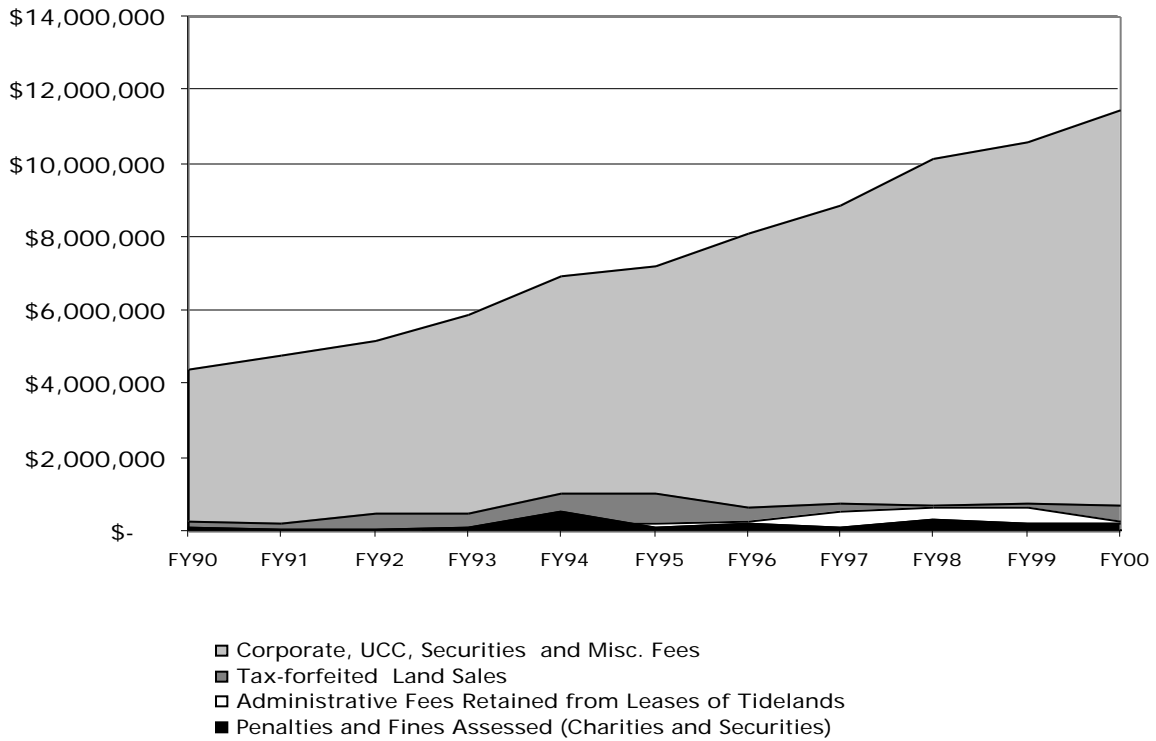
Revenues increased significantly primarily as a result of increased business activity during the ten-year period.

Total revenues of the Secretary of State's Office increased 162% from FY 1990 to FY 2000.

To calculate trends in revenue in the Secretary of State's Office from FY 1990 through FY 2000, PEER examined total revenues collected less the amount of tidelands lease revenue remitted to the Department of Marine Resources (referred to in this report as "available revenue"). Available revenue increased 162.5% during this ten-year period, from \$4,834,201 in FY 1990 to \$12,689,296 in FY 2000. Revenue collected increased primarily as a result of growth in business activity, along with sales of tax-forfeited lands, penalties and fines assessed on securities and charities, and leases and litigation involving tidelands.

Exhibit 2, below, presents cumulative revenue by growth area for FY 1990 through FY 2000.

Exhibit 2: Cumulative Revenue by Area of Growth for FY 1990 through FY 2000



SOURCE: Secretary of State and PEER analysis.

The largest increase in revenue was in filing fees and registration. Was the growth in revenue attributable to an increase in the amount charged or to an increase in the number of filings?

The increase in revenue is attributable to an increase in the number of filings.

The number of corporate filings increased from 6,661 in FY 1990 to 14,974 in FY 2000 and the number of UCC filings increased from 88,135 to 110,638 during the same period.

As shown in Exhibit 2, page 19, revenue collected from corporate, UCC, securities, and other miscellaneous fees experienced the greatest increase from FY 1990 to FY 2000. Revenue increased from \$4,398,764 in FY 1990 to \$11,480,841 in FY 2000. This increase occurred as a result of growth in business activity, not from an increase in the amount of the filing fees. For example, the number of corporate filings increased from 6,661 in FY 1990 to 14,974 in FY 2000 and the number of UCC filings increased from 88,135 to 110,638 during the same period.

The Mississippi Secretary of State's Office charges fees comparable to those charged in contiguous states. Of 286 filing fees, 179 are equal to or less than the fees charged in the contiguous states.

As stated above, in FY 2000, over ninety percent of the office's available revenue (total revenue less funds remitted to the Department of Marine Resources) came from corporation fees, UCC fees, securities fees, and miscellaneous fees. To determine whether the office overcharges in comparison to other states, PEER compared the filing fees to those of the four contiguous southeastern states.

Mississippi's Secretary of State charges the same or less than similar offices in contiguous states for 179 of the 286 filing fees (62.6%) reviewed.

Appendix D, pages 47-50, lists fees collected by the Secretary of State or similar offices in Alabama, Arkansas, Tennessee, and Louisiana. As of January 2000, Mississippi's Secretary of State charged the same or less than similar offices in contiguous states for 179 of the 286 filing fees (62.6%) reviewed. (The Office of the Secretary of State compiled filing fees for equivalent offices in contiguous states as of January 1, 2000.)

Sales of Tax-Forfeited Lands

Other than increased business activity, what accounts for the remainder of the revenue increase from FY 1990 to FY 2000?

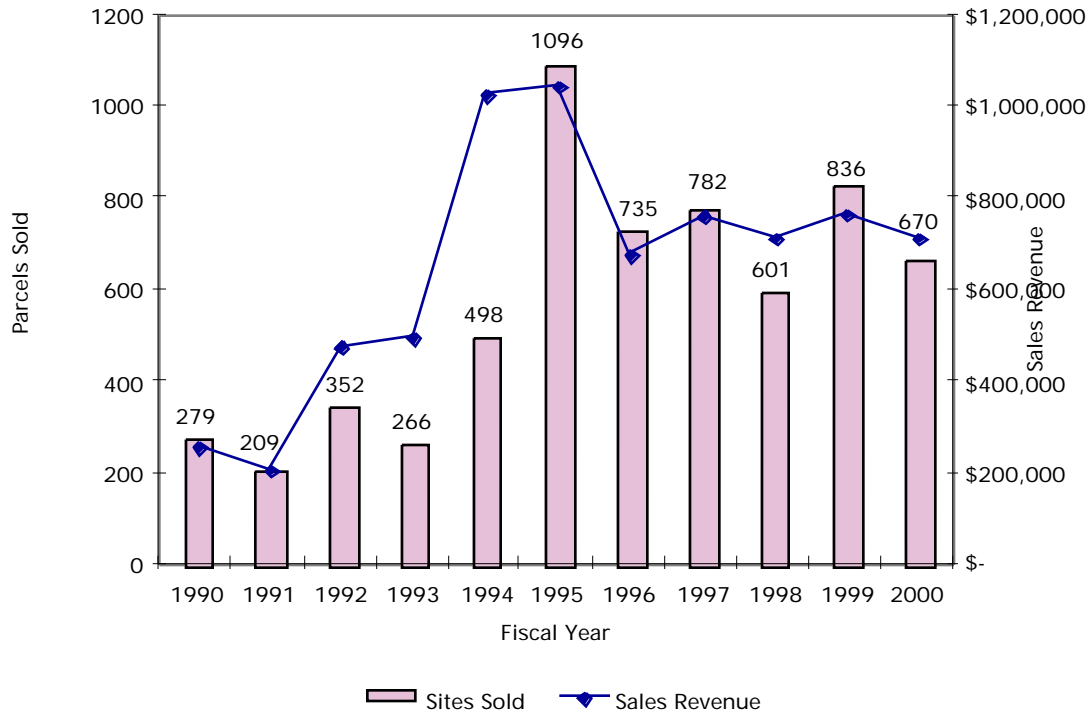
While significantly smaller than the growth in revenue resulting from filing and resignation fees, revenue growth has also occurred from the sale of tax-forfeited lands. Primarily as a result of an increase in the number of parcels sold, fees collected from the sale of tax-forfeited lands rose from \$263,127 in FY 1990 to \$714,145 in FY 2000.

When citizens do not pay their property taxes, their land is forfeited to the state. If no one pays the taxes, penalties, and interest within two years, the Secretary of State administers sale of the property.

Tax-forfeited lands are properties that the owners forfeit to the state when property taxes are not paid. If the county property taxes are not paid, the property is advertised for sale by the county tax collector. If no one purchases the property at the county tax sale, it is turned over to the state. Property owners have two years to redeem their property from the tax sale. If the property owner fails to pay all taxes, penalties, and interest due within two years, title to the property goes to the state. The Secretary of State then administers sale of the property.

Total fees collected from the sale of tax-forfeited lands increased from \$263,127 in FY 1990 to \$714,145 in FY 2000. As shown in Exhibit 3, page 22, this increase in revenues generally corresponds to the number of sites sold. However, in some cases, as in FY 1993 and FY 1994, the total revenues may not correspond to the number of sites because of the difference in market value of the properties. The higher the market value of the property sold, the greater percentage of tax-forfeited land sales revenue retained by the office.

Exhibit 3: Tax-Forfeited Land Sites Sold and Related Revenue Collected by the Office of the Secretary of State for FY 1990 through FY 2000



SOURCE: Secretary of State and PEER analysis.

Securities Act Enforcement

Revenues collected by the Office of the Secretary of State also include penalties and fines assessed on charities and securities firms and professionals. Fluctuations in revenue from these fines and penalties can be attributed to annual changes in both the number of fines or penalties assessed and the dollar amounts of the fines or penalties.

Penalties and fines assessed on charities and securities increased from \$129,241 in FY 1990 to \$195,840 in FY 2000.

Penalties and fines assessed on charities and securities as a result of administrative and criminal proceedings have increased from \$129,241 to \$195,840. These fines and penalties are assessed through the Office of the Secretary of State’s enforcement of the Mississippi Charitable Solicitations Act and the Mississippi Securities Act.

Concerning charities, the office assesses penalties if it determines that a charity is continuing to solicit in a period in which the charity is not registered with the state. In the case of securities, the office assesses penalties

based on violation of the state's securities law. The fluctuation in annual revenues collected from FY 1990 to FY 2000 occurred as a result of either increases in the number or dollar amounts of fines and penalties assessed. Similar to the sale of tax-forfeited lands, as a result of different amounts for the fines and penalties, an increase in the number assessed does not automatically correspond with an increase in revenue.

Exhibit 4, page 24, presents the number of administrative or criminal proceedings each year and the revenue generated from the resulting fines or penalties. As shown in Exhibit 4, the number of administrative and criminal proceedings decreased significantly in both FY 1996 and FY 2000. According to the Secretary of State's staff, the decrease in the number of proceedings in FY 1996 could be attributed to a vacancy in the Assistant Secretary of State's position in FY 1996 and the existence of only one auditor position. The Secretary of State's staff also state that the decrease in FY 2000 is attributable to the auditors' positions in Regulation and Enforcement remaining vacant for approximately six months.

Exhibit 4: Administrative or Criminal Proceedings against Charities and Securities and the Revenue Generated from the Fines and Penalties Assessed (FY 1990 through FY 2000)

Fiscal Year	Administrative or Criminal Proceedings	Penalty Revenue Collected
1990	*	\$ 129,241
1991	256	\$ 50,308
1992	262	\$ 44,733
1993	351	\$ 93,914
1994	217	\$ 550,337
1995	248	\$ 108,888
1996	55	\$ 195,918
1997	430	\$ 130,086
1998	610	\$ 344,034
1999	683	\$ 220,149
2000	179	\$ 195,840

* The office could not provide the number of administrative or criminal proceedings for FY 1990.

SOURCE: Secretary of State.

Tidelands Leases

What is the Secretary of State’s authority to retain fees relative to administration of the Tidelands Fund?

The Secretary of State, as trustee of the public trust tidelands, has statutory authority to recover from tidelands lease revenue any administrative costs incurred in administration of the fund.

Lease Authority and Procedure

State law provides for the Secretary of State to disburse funds remaining from tidelands leases (after administrative costs are recovered) to the Department of Marine Resources.

MISS. CODE ANN. Section 29-1-107 (2) provides that the Secretary of State, with the consent of the Governor, may lease or rent public tidelands. CODE Section 29-15-9 provides that lease revenues collected by the Secretary of State, except those derived from mineral leases or funds designated to be applied to other agencies (e.g., local taxing authorities are reimbursed for lost ad valorem taxes), be transferred to a special fund known as the “Public Trust Tidelands Fund” (Secretary of State Fund 3113). The section provides for the Secretary of State, as trustee, to recover any administrative costs incurred in administration of the fund. CODE Section 29-15-9 provides for the Secretary of State to disburse any remaining funds to the Department of Marine Resources.

According to the Secretary of State's staff, each year the office budgets a specific amount for administrative costs based upon historical data. At the end of the fiscal year, the office takes the revenue collected for that year, subtracts the administrative costs, and returns the remaining revenue to the Department of Marine Resources.

Trends in Lease Revenue Retained by the Office

What accounts for the increase in tidelands lease administrative fees retained by the Secretary of State's Office?

Although the increase in the number of tidelands leases is primarily due to the advent of dockside casino gaming in Mississippi, the large increase in administrative fees for tidelands leases between FY 1997 and FY 1999 is primarily attributable to increased litigation regarding boundary determinations. By FY 2000, the Secretary of State had settled many of the suits and these expenditures, with their corresponding administrative fees, had decreased.

The Mississippi Legislature legalized dockside casino gambling with the passage of House Bill 2 during the 1990 Extraordinary Session. This legislation enabled casinos to enter into leases with the Office of the Secretary of State to operate on state-owned public trust tidelands. As of March 12, 2001, eight leases were for commercial/casino use and numerous other leases were for property associated with casinos.

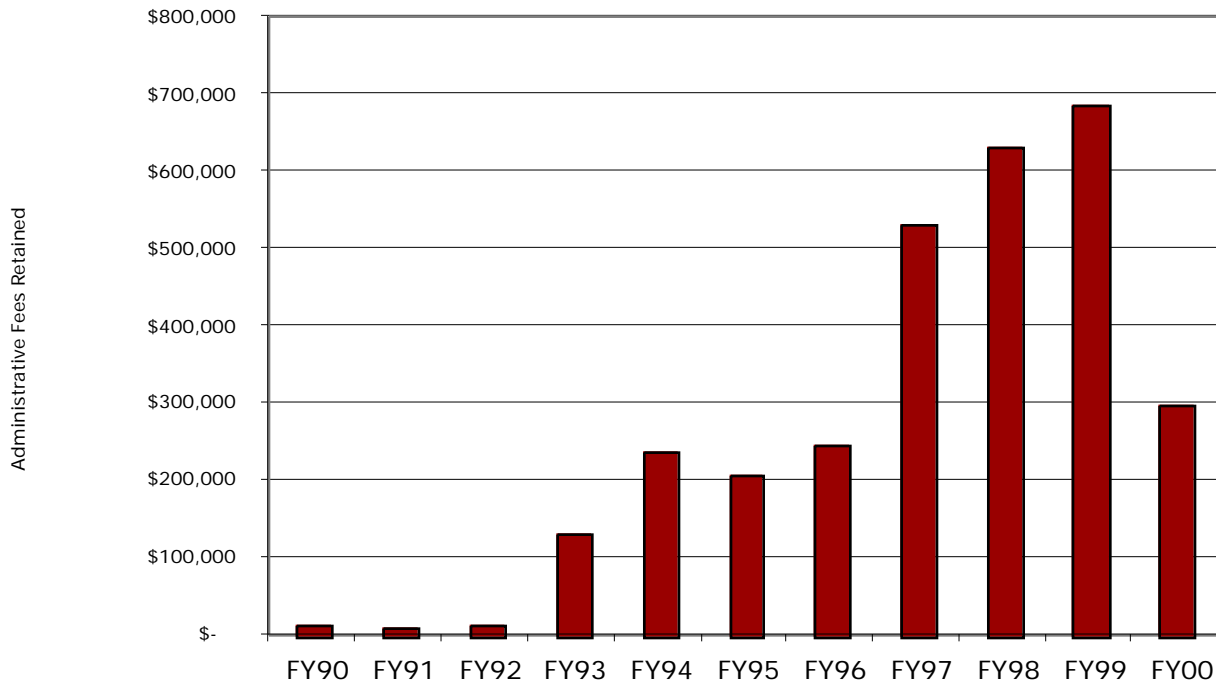
The number of tidelands leases has increased from ten in FY 1990 to sixty-eight as of March 13, 2001.

Overall increases in administrative fees retained can be in part attributed to this increase in the number of tidelands leases negotiated and enforced by the office (from ten in FY 1990 to sixty-eight as of March 13, 2001). As shown in Exhibit 5, page 26, funds retained by the office for administrative costs increased from \$14,212 in FY 1990 to \$686,101 in FY 1999. However, administrative fees decreased to \$298,470 in FY 2000.

The increase in administrative fees in fiscal years 1997 through 1999, followed by the subsequent decrease in FY 2000, occurred as a result of the law under the Tidelands Act (MISS. CODE ANN. Section 29-15-1 et seq.) requiring the Secretary of State to prepare maps and give notice to property owners whose lands were subject to the public trust and who were in violation of such trust. After the office prepared and finalized the maps, it sent the required public notices on April 4, 1995 (197 notices were sent). CODE Section 29-15-7 established a three-year deadline for claimants to file suit on the boundary dispute violations. Most of the boundary disputes were settled amicably, but twenty-one boundary lawsuits were filed prior to the deadline. (See Exhibit 6, page 27, for the number of disputes resolved each year). According to the

Secretary of State's staff, a significant portion of the increase in the funds retained by the office is attributable to expert witness fees and litigation cost related to these lawsuits. Tidelands litigation expense was \$94,106 for FY 1997; \$145,982 for FY 1998; \$215,497 for FY 1999; and \$114,785 for FY 2000. As of February 2001, fifteen of the boundary disputes remain to be tried or resolved.

Exhibit 5: Tidelands Lease Revenue Retained by the Secretary of State for Administrative Costs (FY 1990 through FY 2000)



SOURCE: PEER analysis and Secretary of State's Office.

Exhibit 6: Boundary Determination Suits Resolved (FY 1995 through FY 2000)

Fiscal* Year	Number of Boundary Determination Suits Resolved
1995	3 Resolved
1996	35 Resolved
1997	3 Resolved
1998	139 Resolved
1999	5 Resolved (Suit was filed on all of these)
2000	2 Resolved (this includes one where suit was filed)
	187 Resolved**

* No data exist prior to FY 1995 which is the date of the beginning of the program to resolve boundary disputes.

** The remaining 10 notices that were not resolved were combined into 5 lawsuits. 10 additional boundary disputes were filed on parcels for which the state did not give notice.
SOURCE: Secretary of State.

Expenditures

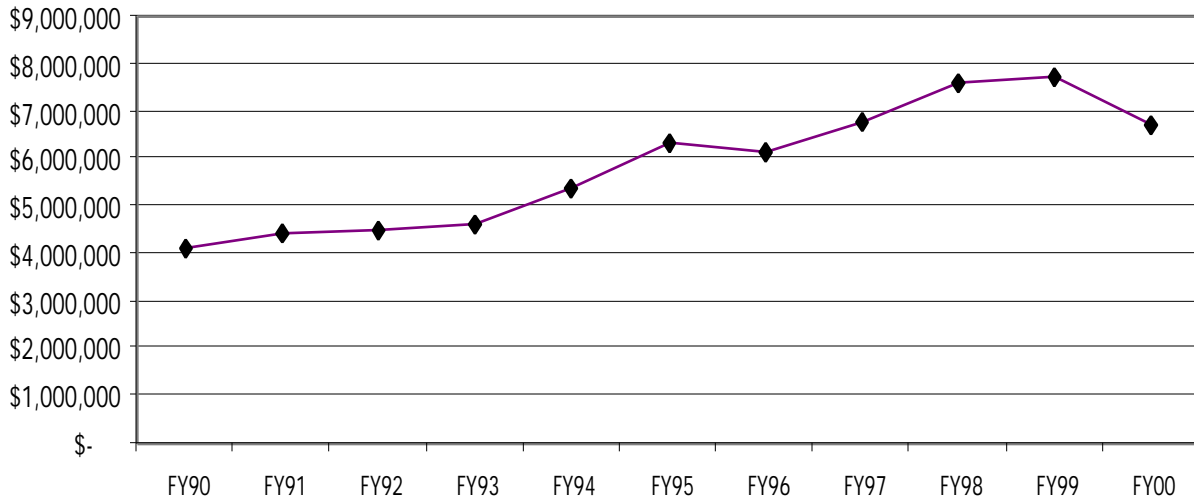
The Office of the Secretary of State's expenditures increased 63.2% from FY 1990 to FY 2000. This increase occurred primarily as a result of a staffing increase (from 65 positions in FY 1990 to 91 positions in FY 2000). Was this additional staffing needed?

While the Secretary of State's workload increase indicated a need for additional personnel during this period, the office did not maintain historical workload data by division. Thus, PEER could not verify whether the total number of positions added was appropriate and whether the positions were added to the divisions with the greatest amount of need.

The greatest expenditure growth was in Personal Services, with an increase of twenty-six positions from FY 1990 to FY 2000.

From FY 1990 through FY 1999, total expenditures for the Office of the Secretary of State increased from \$4,126,489 in FY 1990 to \$7,728,072 in FY 1999. Expenditures decreased to \$6,735,064 in FY 2000. (See Exhibit 7, page 28). PEER reviewed these expenditure trends to identify areas with the greatest expenditure growth and subsequently examined the office's justification for the increase. The greatest expenditure growth was in Personal Services, with an increase of twenty-six positions from FY 1990 to FY 2000. (See Appendix E, page 51, for expenditure growth by budget category for FY 1990 through FY 2000.)

Exhibit 7: Secretary of State Expenditures for FY1990 through FY 2000



SOURCE: Secretary of State.

Staffing Expenditures

Position Growth

The total number of positions in the Secretary of State's Office increased 40%, from 65 in FY 1990 to 91 in FY 2000.

From FY 1990 through FY 2000, total authorized positions (permanent and time-limited) for the Office of the Secretary of State increased 40%, from 65 in FY 1990 to 91 in FY 2000. This growth in the number of positions contributed significantly to an increase in personal service expenditures from \$1,973,691 in FY 1990 to \$4,157,157 in FY 2000.

The increase in the number of positions occurred either through legislative authorization or escalation. Authorized positions are added by the Legislature in the Secretary of State's appropriation bills; these authorized positions were either permanent (recur annually) or time-limited (created only for a specific period).

The Secretary of State's appropriation bills also state that Public Trust Tidelands, Land Records Maintenance, and Securities and Charities Regulation and Enforcement funds can be escalated in accordance with procedures for federal fund escalations as established in MISS. CODE ANN. Sections 27-104-21. This authorization for escalations allows the office to request from the Department of Finance and Administration additional time-limited positions for those specific areas with escalation approval. According to the State Personnel Board, to receive the additional positions, the Office of the Secretary of State must show evidence to the Department of Finance and Administration that it has the authority to escalate and the available funds to pay for the additional positions. Once the Department of Finance and Administration approves the escalation, SPB issues position identification numbers. The escalations are allowed for one fiscal year and at the end of the fiscal year, the Secretary of State's Office must either have the escalated time-limited positions placed in the appropriations bill or the escalation process must be repeated.

Exhibit 8, below, shows the allocation of the Office of the Secretary of State's permanent, time-limited, and escalated positions for FY 1990 through FY 2000.

Exhibit 8: Permanent and Time-Limited Authorized and Escalated Positions FY 1990 through FY 2000

	Permanent	Time-Limited	Escalated	Total
FY 1990	65	0	0	65
FY1991	67	0	0	67
FY1992	66	0	0	66
FY1993	66	0	0	66
FY1994	67	0	0	67
FY1995	67	0	0	67
FY1996	64	0	15	79
FY1997	70	0	12	82
FY1998	71	13	6	90
FY1999	71	19	0	90
FY2000	72	19	0	91

SOURCE: Secretary of State, appropriation bills, and the State Personnel Board.

Increase in Workload vs. Increase in Staffing

Because the Office of the Secretary of State does not maintain accurate historical information and documentation related to staffing, PEER could not conduct workload analysis by division. However, PEER compared total staffing to total workload and found that a workload increase did exist which could have created a need for increased staff.

Staffing Analysis by Division--To evaluate the Office of the Secretary of State's justification for additional staff, PEER attempted to conduct a staffing analysis for each division. Such analysis focuses upon staff per workload trends within each division and provides ratios to verify whether the increase in staff is justified.

In performing the analysis, PEER utilized the staffing numbers provided in the Secretary of State's budget requests for FY 1992 through FY 2002. Upon completion of the analysis, PEER requested input from the office regarding PEER's conclusions on workload trends. The Secretary of State's staff stated that the staffing numbers presented in the budget requests were inaccurate and that they could provide an estimate of the number of staff per division, but could provide no documentation.

The lack of accurate historical staffing information limits external staffing evaluation and internal efficiency and effectiveness analysis.

The lack of accurate historical staffing information places limits on external staffing evaluation and internal efficiency and effectiveness analysis. In the case of internal analysis, if the office is unable to state the actual number of positions in a division or unit at a specific time, it would be limited in its ability to analyze efficiency to identify trends or problem areas.

Comparison of Total Staffing to Total Workload--While PEER was unable to perform staffing analysis by division due to the lack of historical staffing information by division, PEER did evaluate trends in total staffing in comparison with trends in workload.

To examine the need for the additional positions, PEER reviewed trends in program outputs by division and additional regulatory or statutory requirements placed upon the office from FY 1990 through FY 2000.

Program outputs measure production volume at the divisional or unit level. Evaluating trends in outputs can provide evidence of growth within the unit or division subject to that measure and a potential corresponding need for additional staff. To evaluate trends in program outputs, PEER analyzed select program outputs from each division.

As shown in Exhibit 9, below, all performance measures reviewed, with the exception of Elections' Technical Assistance Responses, experienced an increase in workload from FY 1990 to FY 2000. For example, within Business Services, corporate filings increased 125%, from 6,661 in FY 1990 to 14,974 filings in FY 2000. Notary applications increased 78% for the same period.

Exhibit 9: Secretary of State Select Program Outputs for FY 1990 through FY 2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Percent Change
Business Services												
Corporate Filings	6,661	6,501	6,392	13,056	14,982	21,326	17,795	20,894	17,323	12,979	14,974	124.8%
Annual Reports	35,632	32,930	29,300	30,971	38,420	33,696	45,874	47,352	51,449	43,882	50,467	41.6%
UCC Filings	88,135	77,130	79,083	81,796	97,854	102,097	102,604	82,406	102,655	96,207	110,638	25.5%
Notary Applications	5,868	5,772	5,993	5,900	6,513	6,737	6,435	7,218	7,746	9,965	10,482	78.6%
Securites Dealers Licensed	760	740	807	831	1,018	1,020	1,169	1,206	1,359	1,422	1,542	102.9%
Securites Agent Licensed	18,102	16,721	20,541	21,158	33,688	36,678	41,089	40,918	51,940	56,134	65,817	263.6%
Elections												
Technical Asst. Responses	14,040	14,300	15,600	15,600	10,400	10,400	13,000	13,000	13,000	12,643	12,350	-12.0%
Public Lands												
Patents Issued	279	209	352	266	498	1,096	735	782	601	836	670	140.1%
16th Section Leases Managed	11,160	11,690	12,445	13,191	12,412	12,498	12,286	12,463	12,463	12,579	12,528	12.3%
Tidelands Leases Managed	10	6	9	30	23	29	37	50	54	59	63	530.0%

SOURCE- Secretary of State's budget requests FY 1992 through FY 2002.

Secretary of State's Justification for Staffing Increase

The Secretary of State's staff provided PEER with information relative to areas of staffing growth, but could not provide PEER with the number of positions associated with the growth. The staff also could not provide PEER with documentation of a needs analysis for these additional positions.

According to the Secretary of State's staff, the authorization of additional positions and the annual escalation of time-limited positions are attributable to expansion in the areas of Customer Service, Securities Enforcement, tax-forfeited lands, state agency lands, and Elections and Support Services (Information Services). The staff was able to provide PEER with information relative to the areas of growth, but was unable to provide PEER with the number of positions associated with the growth. The staff also could not provide PEER with documentation of a needs analysis for these additional positions.

Following are the areas of staff increases, with the Secretary of State's explanation for each:

- The office created a Customer Service Unit within Business Services, with customer service representatives to handle statewide incorporation and Uniform Commercial Code inquiries (i.e., inquiries regarding the proper type of required filing for each different type of corporation).
- In Business Services, the office added a Securities Analyst position to perform statewide examinations of licensed broker/dealer firms and agents, investment advisors, and charitable organizations. The analyst also assists in investigation of complaints concerning investments. In addition, the office added attorney positions to the Securities Unit to assist with cases and trials pertaining to security fraud/enforcement.
- Within the Public Lands Division, the office expanded efforts to increase the sale of property forfeited to the state for delinquent taxes. Once these efforts began, the number of applications to purchase the land increased from about 300 to 1500 and the number of parcels actually sold rose from about 350 to a range of 700 to 1000 per year. The office initially used contract labor to help cover this increase in workload until permanent staff could be added.
- The office also added staff to initiate an inventory of state agency lands (CODE Section 7-11-13). The office had not conducted an inventory in many years and records were out of date. In addition, the office found that most agencies had never complied with CODE Section 29-1-1 requiring agencies to compile an inventory of agency lands.
- The number of positions in the Elections Division increased as a result of legislation on campaign finance reform and lobbyist registration (MISS. CODE ANN. §§ 23-15-801 through 23-15-817 and §§5-8-1 through 5-8-23). This legislation created the need for a unit

specifically assigned to this work. Growth is also attributable to election education and training sessions for chancery and circuit clerks and to Promote the Vote civic education efforts.

- The office added staff to provide technical support for the above-mentioned units.

Other Expenditures

What other justifications were provided by the Office for the increase in expenditures?

According to the Secretary of State's Office, increased expenditures from FY 1990 to FY 2000 can also be attributed to increases in contractual services for computer applications, design and maintenance; back taxes due to counties resulting from the sales of tax-forfeited lands; and litigation expenses associated with Public Trust Tidelands. The expenditure decrease in FY 2000 occurred as a result of a decrease in each of the above-mentioned areas, with the exception of staffing.

Computer Equipment, Implementation and Maintenance

The Office of the Secretary of State also attributes the rise in expenditures to increased equipment expenditures, contracts with vendors for computer technology services, and an increase in other state agencies' charges related to computer services (i.e., SAAS and MMRS). The decline in expenditures from FY 1999 to FY 2000 occurred primarily as a result of a decrease in contractual service expenses, non-recurring equipment purchases, and data processing costs.

Increase in Back Taxes Paid to Counties

State law requires the Secretary of State to reimburse local taxing districts for four years' taxes on each piece of property that they sell. Accordingly, the higher the value of the property or the greater the number of sites sold, the greater the tax reimbursement expense. The Secretary of State's expenditures for these payments of back taxes increased from \$31,895 in FY 1990 to \$314,343 in FY 1996, then decreased to \$86,522 in FY 2000. This pattern of expenditures is attributable to a sharp increase in land sales in FY 1994 and FY 1995, followed by a decrease in sales in FY 1996 through FY 2000.

Tidelands Litigation Expenses

Tidelands expenditures increased from \$14,212 in FY 1990 to \$686,101 in FY 1999, then decreased 56.5% to \$298,470 in FY 2000. As noted on page 25, there was a sharp increase in expenditures in fiscal years 1997 through 1999 due to an increase in litigation costs resulting from boundary disputes. The decrease in FY 2000 occurred as a result of the settlements in numerous boundary determination suits.

Are the products and services of the Secretary of State's Office "user friendly"?

The Office of the Secretary of State generally provides readily accessible information, both on-site and on-line, to the public. However, the office currently does not have a formal procedure in place for handling and tracking complaints.

In his FY 2000 Annual Report, the Secretary of State promised to make his office "the most user friendly agency in state government." PEER assessed the user-friendliness of the office by examining ease in filing and accessing information located at the office and by evaluating the office's website to determine whether it provides relevant information and aids users in making required filings. PEER also reviewed the office's procedures for handling and resolving complaints.

Access to On-Site Information

Is the Secretary of State's Office meeting its objective of being user-friendly in relation to on-site filing, accessing, and searching for information?

PEER detected no material problems in the filing process and was able to access all documents requested.

A portion of the office's mission statement states the Mississippi Secretary of State's Office will report and store the state's records in useful, accessible formats. To assess the on-site user-friendliness of the Office of the Secretary of State, PEER evaluated ease in filing required forms and the capability of users to directly access information located at the office. To conduct this evaluation, PEER selected a sample of the most commonly used types of Secretary of State filings.

PEER requested ten files in each of the nine filing categories and was able to access all ninety of the documents requested.

PEER reviewed the filing process for nine types of filings conducted through the Office of the Secretary of State and found no significant problem areas. These filings included corporate filings, annual reports, Uniform Commercial Code forms, notary applications, charity registrations, administrative procedures, election returns, campaign finance reports, and lobbyist reports. PEER requested ten files in each of the nine categories to determine the accessibility of the information.

PEER was able to access all of the ninety documents requested.

Access to On-Line Information

Is the Secretary of State's Office meeting its objective of being user friendly in relation to online filing, accessing, and searching for information?

While the Secretary of State maintains a well-designed website, the site does not allow for a full range of e-government activities.

According to the U.S. Department of Commerce, twenty-six percent of Mississippi households have Internet access. For those Mississippi families that do not have computer access at home, all public libraries in Mississippi have Internet access. Thus, access to information via the Internet is important in conducting public business.

The Secretary of State's website (www.sos.state.ms.us) is an important tool used by the Office of the Secretary of State to disseminate information to the public. In order to be effective, the website should be user friendly and allow users to manipulate and search for information on-line. Ideally, the system would also allow users to file on-line.

The Secretary of State's website meets all requirements for user-friendliness as defined by The Knowledge Network.

Pacific Bell's Knowledge Network Explorer provides website format standards to ensure that a site is user-friendly. The Knowledge Network Explorer was launched as part of Pacific Bell's umbrella program for applying technology to the needs of teachers, librarians, and students. The Knowledge Network defines the characteristics of a user-friendly site as "clear scope, easy to understand and use, includes appropriate, clearly labeled links." PEER found that the website of the Office of the Secretary of State meets all requirements for user-friendliness as defined by The Knowledge Network. (See Appendix F, page 52, for a chart illustrating the office's success in meeting the user-friendly requirement standards.)

PEER evaluated the Secretary of State's website based on user accessibility to twenty-five filings performed by the office and three publications issued by the office (as of February 1, 2001). PEER sought to determine how many of these filings may be accomplished on-line, how many of the forms may be downloaded and printed off the website, and whether each filing area contained a search function for users to access information. The review focused on the status of these elements as of February 1, 2001. The office has contracted with a web-site development vendor to improve and enhance the site and as a result, at the time of this report's publication, additional types of filings

may be downloadable, searchable, and allow for on-line filing.

As shown in Appendix G, pages 53-54, PEER determined that:

- Of the twenty types of filings that could be programmed for on-line filing, none may be filed through the Secretary of State's website.
- Of the twenty types of filing forms that could be downloaded from the website, six of the filings allow the download function.
- Of the twenty-eight types of filings that possess searchable information, fifteen of the twenty-eight filings are searchable on-line through the Secretary of State's Office.

According to the Office of the Secretary of State, implementation of on-line filing has been hampered by the issue of electronic signatures. While the Mississippi Digital Signature Act of 1997 gives digital signatures verified by a licensed certification authority the same force and effect as a written signature, the Office of the Secretary of State has not utilized digital signatures due to (1) high costs related to the technology needed under the Digital Signature Act of 1997; (2) complexities associated with the creation and maintenance of digital signatures; and, (3) uncertainty surrounding the legal question of whether customers would accept digital signatures as valid signatures.

Passage of the Uniform Electronic Transactions Act should facilitate on-line filing by addressing concerns related to digital signatures.

Passage of Senate Bill 2678 (Uniform Electronic Transactions Act) should facilitate on-line filing by addressing the above concerns related to digital signatures. The primary objective of UETA is to make electronic records and signatures legally equivalent to paper documents and manual signatures, removing the barriers to electronic commerce. UETA could potentially lower technology costs and allow for less complexity in maintenance of the signatures. In addition, to address the uncertainty regarding the legality of electronically created contracts and the evidentiary acceptability of electronic records and contracts, the act will establish legal recognition of both electronic records and electronic signatures. According to the Secretary of State's Office, this act will allow the office to determine the type of electronic signature it will require and, in effect, open the door for on-line filing.

The office is entering into contracts with vendors to enhance internal and external computer capabilities of the office, including the website.

At the time of the writing of this report, the Secretary of State had recently entered into contracts with vendors to enhance the website and computer capabilities of the office. Enhancement of these capabilities could potentially increase efficiency, effectiveness, and user-friendliness of the Office of the Secretary of State. These contracts address the issues of on-line filing, website development and support, ongoing support and development for Election Information Systems and Public Lands, and one contract is for the services of a network administrator.

Complaint Process

Does the Office of the Secretary of State utilize a formal complaint procedure to enhance user-friendliness by addressing complaints and identifying potential problem areas?

The office does not currently have a formal procedure in place for documenting complaints.

An essential element of user-friendliness is the ability of the user to make complaints and receive prompt remedy for a problem. Thus, an important aspect of any customer service-based office or organization is a formal complaint procedure. Formal complaint procedures and documentation allow the office to track and target potential problem areas. Without a formal tracking system, the office is not utilizing an important troubleshooting tool.

While the office's informal complaint process provides for remedy, it does not insure that proper action is always taken and does not provide for consistent documentation and tracking of complaints.

According to staff of the Secretary of State's Office, while the office does not have a formal, documented complaint policy, staff members have received verbal direction from the Secretary of State that all complaints are to be addressed and handled in a timely manner. Telephone complaints are handled directly by the individual who receives the call. If the staff member cannot resolve the complaint, he or she turns it over to the supervisor. The supervisor gathers information necessary for review and works to resolve the issue. There is no procedure in place for the collection and maintenance of documentation. Written complaints are addressed to the Secretary of State and assigned to a staff member for resolution. The employee involved maintains documentation. While this process does provide for remedy, it does not insure that proper action is always taken and does not provide for consistent documentation and tracking of complaints.

Recommendations

1. The Secretary of State's website should offer a direct link to the National Association of Securities Dealers website for searching and accessing security information.
2. The Office of the Secretary of State should continue to pursue on-line filing for all applicable documents to enhance the user-friendliness of the office.
3. The Office of the Secretary of State should adopt formal procedures establishing uniform policy for the receipt and documentation of complaints involving office services.
4. The Office of the Secretary of State should adopt procedures for collecting divisional staffing numbers to be presented in the annual budget request. The procedure should help ensure that the staffing numbers presented in the request are accurate. In addition, the staff should compile and maintain historical staff information and documentation. This compilation should aid in the office's ability to perform future efficiency studies.
5. The Office of the Secretary of State should construct performance measures that will allow it to accurately measure efficiency and effectiveness relative to the office mission. An effective measurement system should include a clear statement of program objectives tied to the organizational mission and the measurement of achievement of each objective using indicators that are:
 - comprehensive (the indicators measure the program's objectives);
 - relevant (the indicator is directly or indirectly related to the objective);
 - valid (the indicator measures what it purports to measure);
 - verifiable (there is adequate supporting documentation for the actual figure presented); and,
 - accurate (recalculation provides the same figure as that which is presented).

(See Appendix H, page 55, for the components of effective performance measurement.)

6. The Office of the Secretary of State should adopt formal written policies and procedures for each division to standardize how individuals are to perform the required work.
7. The Secretary of State should include in its annual report an accounting of revenue and expenditures for the Public Trust Tidelands Fund, the Land Records Maintenance Fund, and The Securities Act Enforcement Fund.

Appendix A: Secretary of State Divisions and Related Functions

Business Services Division
(Filing and Customer Service)
Filing Services Unit
<ul style="list-style-type: none"> * files business entity forms * files Uniform Commercial Code forms * processes corporate annual reports
Customer Service Unit
<ul style="list-style-type: none"> * handles incoming calls * handles walk-in customers
(Regulation and Enforcement)
Regulation Unit
<ul style="list-style-type: none"> * regulates the sale of securities and the securities firms and professionals who sell them * registers all charitable organizations and their professional fundraisers * administers the state's Investor/Contributor Education Program * processes state-wide notary public applications
Enforcement Unit
<ul style="list-style-type: none"> * enforces the state's securities and charities laws * performs examinations of securities and charities * assesses penalties upon violators of law
Legal Unit
<ul style="list-style-type: none"> * advises employees and public as to legal requirements in the securities and charities areas * assists law enforcement personnel with criminal prosecutions
Public Lands
School Trust Lands (16th section lands)
<ul style="list-style-type: none"> * enforces 16th Section Public School Trust and Lieu Lands laws * maximizes revenue from 16th section lands
Public Trust Tidelands
<ul style="list-style-type: none"> * develops and implements the Public Trust Tidelands Management Program
Tax-forfeited Lands
<ul style="list-style-type: none"> * advertises the availability of tax-forfeited lands to public * sells lands that are forfeited to the state for non-payment of ad valorem taxes
State-agency held lands
<ul style="list-style-type: none"> * maintains inventory of state-agency held land records
Other
<ul style="list-style-type: none"> * provides services to public and governmental subdivisions relating to sales, acquisition, leasing, and title of state's real property assets

Appendix A cont.: Secretary of State Divisions and Related Functions

Elections Division
<p>Publications</p> <ul style="list-style-type: none"> * provides training and educational materials for election administrators and general public
<p>Technical Assistance</p> <ul style="list-style-type: none"> * provides technical assistance to election administrators, elected officials, federal officials, candidates, the media, students, and the general public
<p>Constitutional Initiative</p> <ul style="list-style-type: none"> * provides information regarding the substance and process of initiatives to officials, public, and media * publishes notices of ballot title and summary in newspapers across state * produces brochures concerning initiative * provides information and technical support in initiative-related litigation
<p>Lobbying Law</p> <ul style="list-style-type: none"> * registers lobbyists * assesses fines for those who do not file reports by required time * increase awareness of lobbyists' and lobbyists' clients' reporting obligations through education
<p>Campaign finance reports</p> <ul style="list-style-type: none"> * requires political committees and candidates for federal and state office to file campaign finance reports * provides training on campaign finance law to circuit clerks and election commissioners
<p>Member of the State Board of Election Commissioners</p> <ul style="list-style-type: none"> * prepares agendas * finds facts * writes and approves minutes * produces agendas and meeting books
<p>Oaths of Office, Special Appointments of Judges, and Commissions Issued</p> <ul style="list-style-type: none"> * provides commissions to all elected officials
<p>Ballots and Election Certification</p> <ul style="list-style-type: none"> * prepares and distributes official sample ballots to all counties
<p>Training</p> <ul style="list-style-type: none"> * trains election commissioners and party executive committee members * conducts Certification Training Session for Election Commissioners (ECAM)
<p>National Voter Registration Act</p> <ul style="list-style-type: none"> * provides election officials with continuing education regarding roles in NVRA * works with the Mississippi universities regarding student voter registration and participation among disabled
<p>Cancellations of Voter Registration</p> <ul style="list-style-type: none"> * assists in the cancellation of voter registration
<p>Elections Information System (EIS)</p> <ul style="list-style-type: none"> * makes enhancements to the EIS
<p>Other</p> <ul style="list-style-type: none"> * implements "Promote the Vote" * provides legal counsel to the Secretary of State

Appendix A cont.: Secretary of State Divisions and Related Functions

Publications
oversees publications of official documents of state and agency
Special Documents <ul style="list-style-type: none">* produces and distributes the revised <i>Mississippi</i> booklet* assists in the production and distribution of the <i>Report on Charitable Organizations in MS</i>* produces the <i>State Directory of Elected Officials</i>* produces and distributes the Mississippi Official and Statistical Register (the "Blue Book")
Proclamations <ul style="list-style-type: none">* mails holiday proclamations to state, county, and municipal entities
Newsletter <ul style="list-style-type: none">* distributes the agency's general interest newsletter, <i>Straight Answers</i>
Brochures, Pamphlets, and Handbooks <ul style="list-style-type: none">revises, designs, and publishes numerous brochures, pamphlets, and handbooks of the agency
Special Projects <ul style="list-style-type: none">* publishes materials for "Promote the Vote"* assumes purview over agency's record retention schedules* supports legislative subcommittee charged with publishing the Mississippi Code* provides mailing lists to new publisher information requested
Public/Media Relations <ul style="list-style-type: none">* acts as information center for media and public on matters pertaining to agency's purview
Official State Documents <ul style="list-style-type: none">* sorts, classifies bills signed by governor; copies, certifies, files, distributes bills to appropriate agency or entity* provides certified copies of Legislative Acts and the Pre-Advance Sheet Index and a list of House and Senate bills signed by the governor

Appendix A cont.: Secretary of State Divisions and Related Functions

<p>Support Services</p> <ul style="list-style-type: none"> * provides administrative support in areas of personnel, budgeting, accounting, information systems, purchasing, telecommunication, mail, safety, internal and external policy, internal and external relations, and property control * provides executive support for Secretary of State
<p>Executive Support Unit</p> <ul style="list-style-type: none"> * directs legislative liaison activities and carries out the commission function of the agency
<p>Legislative Liaison</p> <ul style="list-style-type: none"> * monitors legislation introduced during regular and special sessions which directly affects the SOS office * provides pertinent information to assistant secretaries relating to their divisions so they can follow legislation * serves as a resource for legislators
<p>Capitol Office</p> <ul style="list-style-type: none"> * coordinates tasks with other agencies * receives, attests, and affixes the Great Seal of Mississippi * maintains files of the Governor's official documents * coordinates all aspects of commission certificates for all those elected or appointed * handles inquiries pertaining to holiday notices, state flag, and the Great Seal of Mississippi * provides support to other executive officials, legislators, legislative staff, lobbyists, and constituents * monitors and tracks legislation * receives and logs legislative bills that become law
<p>Administration</p> <ul style="list-style-type: none"> * plays role in the operation of Business Services, Elections, Public Lands and Publications
<p>Information Services</p> <ul style="list-style-type: none"> * utilizes information services "help desk" which is available to staff and customers * modernizes filing and imaging systems * develops programs making agency services available through SOS's website
<p>Policy**</p> <ul style="list-style-type: none"> * plans and implements internal and external public policy initiatives for the SOS's office * provides support for the other divisions in the area of data inputting * provides staff support for the Campaign Finance Reporting activities of the Elections Division, as well as the Capitol office and executive offices * coordinates press conferences and issues press releases throughout the year to increase public awareness of agency's activities * reviews and considers all internal and external policy of the agency

** Moved from the Publications Division to the Executive Unit in February 2000
 SOURCE: FY 2000 Annual Report of Secretary of State

Appendix B: Description of Sources and Uses of Secretary of State Funds

Fund 3111- Referred to by the Office as its general fund

<u>Revenue Sources</u>	<u>Expenditures</u>
Corporation Fees	Business Services Filing and Customer Service
Uniform Commercial Code Fees	Business Services Regulations & Enforcement
Securities Fees	Elections
Miscellaneous Fees	Publications
	Administration
	Tax-forfeited lands
	16th Section Lands

Fund 3112- Land Records Maintenance

<u>Revenue Sources</u>	<u>Expenditure</u>
Tax-forfeited land sales	Public Lands Division- Records Preservation

Fund 3113- Public Trust Tidelands

<u>Revenue Sources</u>	<u>Expenditures</u>
Leases of Tidelands	Tidelands Administrative Fees
	Turn-back to DMR

Fund 3114- Securities Act Enforcement

<u>Revenue Sources</u>	<u>Expenditures</u>
Penalties and fines assessed	Business Services- Regulation and Enforcement

SOURCE: Office of the Secretary of State

Appendix C: The Office of the Secretary of State Revenue and Expenditure Information FY 1990 through FY 2000

Fiscal Year	Appropriation	Revenue	Expenditures	Expenditures as a % of Revenue
1990	\$ 4,352,666	\$ 4,834,201	\$ 4,126,489	85.36%
1991	\$ 4,339,824	\$ 5,081,368	\$ 4,443,986	87.46%
1992	\$ 4,446,787	\$ 5,718,253	\$ 4,508,697	78.85%
1993	\$ 4,537,782	\$ 7,040,732	\$ 4,626,736	65.71%
1994	\$ 5,303,359	\$ 12,004,445	\$ 5,365,718	44.70%
1995	\$ 5,727,220	\$ 11,930,352	\$ 6,323,985	53.01%
1996	\$ 5,200,044	\$ 13,527,435	\$ 6,166,063	45.58%
1997	\$ 5,588,732	\$ 14,370,913	\$ 6,806,329	47.36%
1998	\$ 7,653,716	\$ 15,157,095	\$ 7,603,710	50.17%
1999	\$ 8,340,923	\$ 17,786,969	\$ 7,728,072	43.45%
2000	\$ 8,093,200	\$ 18,051,920	\$ 6,735,064	37.31%

Fiscal Year	Turnback to General Fund	Turnback to DMR*	Difference b/w Revenue and Exp. and Turnback
1990	\$ 471,517	\$ 28,857	\$ 207,338
1991	\$ 607,535	\$ 16,609	\$ 13,238
1992	\$ 938,689	\$ 8,234	\$ 262,633
1993	\$ 1,652,203	\$ 433,760	\$ 328,033
1994	\$ 2,403,086	\$ 3,233,943	\$ 1,001,698
1995	\$ 2,007,183	\$ 3,355,991	\$ 243,193
1996	\$ 3,211,390	\$ 4,320,049	\$ (170,067)
1997	\$ 3,474,867	\$ 4,043,152	\$ 46,565
1998	\$ 3,877,838	\$ 3,295,185	\$ 380,362
1999	\$ 4,237,445	\$ 5,545,776	\$ 275,676
2000	\$ 5,670,453	\$ 5,362,417	\$ 283,986

* Department of Marine Resources for Tidelands Management

SOURCE: Office of the Secretary of State

Appendix D: Fees Charged by the Mississippi Office of the Secretary of State in Comparison with Contiguous Southeastern States as of January 2000 (Alabama, Arkansas, Louisiana, and Tennessee)

<u>Corporate Filings</u>	<u>Mississippi</u>	<u>Alabama</u>	<u>Arkansas</u>	<u>Louisiana</u>	<u>Tennessee</u>
Articles of Incorporation	\$ 50.00	\$ 50.00	\$ 50.00	\$ 60.00	\$ 100.00
Certificate of Authority	\$525.00	\$ 175.00	\$ 300.00	\$120.00	\$ 600.00
Reservation of Name	\$ 25.00	No filing	\$ 25.00	\$ 20.00	\$ 20.00
Transfer of Reserved Name	\$ 25.00	No filing	\$ 25.00	No filing	\$ 20.00
Registration/Renewal of Corporate Name	\$ 50.00	\$ 12.00	\$ 50.00	No filing	\$ 20.00
Change of Registered Agent/Address	\$ 10.00	\$ 5.00	\$ 25.00	\$ 20.00	\$ 20.00
Registration of Registered Agent	No fee	No filing	No fee	\$ 20.00	\$ 20.00
Report of Organization, Nonprofit	\$ 25.00	No filing	No filing	No filing	No filing
Articles of Amendment	\$ 50.00	\$ 20.00	\$ 50.00	\$ 60.00	\$ 20.00
Articles of Merger/Share Exchange	\$ 50.00	No filing	\$ 100.00	\$ 60.00	\$ 100.00
Articles of Dissolution	\$ 25.00	\$ 20.00	\$ 50.00	\$ 60.00	\$ 20.00
Revocation of Dissolution	\$ 25.00	No filing	\$ 150.00	\$ 60.00	\$ 20.00
App. To Reinstatement after Dissolution/ Revocation	\$ 50.00	No filing	\$ 50.00	\$ 60.00	\$ 70.00
Amend Certificate of Authority	\$ 50.00	\$ 25.00	\$ 300.00	\$100.00	\$ 20.00
Application for Withdrawal	\$ 25.00	\$ 20.00	\$ 300.00	\$100.00	\$ 20.00
Annual Report	\$ 25.00	No filing	No filing	\$ 25.00	\$ 20.00
Articles of Correction	\$ 50.00	No filing	\$ 30.00	\$ 60.00	No filing
Cert. Of Domestic Limited Partnership	\$ 50.00	\$ 5.00	\$ 50.00	\$125.00	\$ 100.00
Domestic Limited Partnership Cert. Of Amendment	\$ 50.00	No filing	\$ 15.00	\$ 75.00	\$ 20.00
Domestic LP Certificate of Dissolution or Cancellation	\$ 25.00	No filing	No filing	\$125.00	\$ 20.00
Domestic LP Certificate of Change of Address or Registered Agent	\$ 25.00	No filing	No filing	No filing	\$ 20.00
Application for Registration of Foreign Limited Partnership	\$275.00	\$ 75.00	\$ 300.00	\$125.00	\$ 600.00
Certificate of Correction/ Amendment of FLP	\$ 50.00	No filing	\$ 15.00	\$ 75.00	\$ 20.00

Appendix D cont.: Fees Charged by the Mississippi Office of the Secretary of State in Comparison with Contiguous Southeastern States (Alabama, Arkansas, Louisiana, and Tennessee)

Cert. Of Cancellation of FLP	\$ 25.00	No filing	No filing	\$125.00	\$ 20.00
Cert. Of Registration of Domestic Limited Liability Partnership	\$250.00	No filing	\$ 50.00	\$100.00	\$250 (minimum)
Domestic LLP Cert. Of Correction/Amendment	\$ 50.00	No filing	No filing	\$100.00	\$ 20.00
Domestic LLP Cert. Of Cancellation	\$ 25.00	No filing	No filing	\$100.00	\$ 20.00
App for Registration of Foreign Limited Liability Partnership	\$275.00	No filing	\$ 300.00	\$100.00	\$ 250.00
FLLP Cert. Of Correction/Amendment	\$ 50.00	No filing	\$ 50.00	\$100.00	\$ 20.00
FLLP Cert. Of Cancellation	\$ 25.00	No filing	No filing	\$100.00	\$ 20.00
FLLP Cert. Of Change of Agent Address	\$ 25.00	No filing	No filing	No filing	\$ 20.00
Certificate of Formation	\$ 50.00	\$ 45.00	\$ 50.00	\$ 60.00	\$ 320.00
Certificate of Amendment	\$ 50.00	No filing	\$ 25.00	\$ 60.00	\$ 20.00
Certificate of Merger	\$ 25.00	No filing	\$ 50.00	\$ 60.00	\$ 100.00
Certificate of Dissolution/Cancellation	\$ 25.00	No filing	\$ 50.00	\$ 60.00	\$ 20.00
Application for Registration of Foreign LLC	\$275.00	\$ 75.00	\$ 300.00	\$120.00	\$ 300.00
Registered Agent/Office Statement of Change	\$ 25.00	No filing	\$ 25.00	\$ 20.00	\$ 20.00
App. For Transfer of Name Reservation	\$ 25.00	No filing	\$ 25.00	No filing	\$ 20.00
Cert. Of Change of Address of Registered Agent	\$ 25.00	No filing	\$ 25.00	\$ 20.00	\$ 20.00
Cert. Of Resignation of Registered Agent	\$ 5.00	No filing	\$ 25.00	\$ 20.00	\$ 20.00
Cert. Of Cancellation of FLLC	\$ 25.00	No filing	\$ 25.00	\$100.00	\$ 20.00
FLLC Certificate of Amendment	\$ 50.00	No filing	\$ 300.00	\$100.00	\$ 20.00
Trade/ Servicemark	\$ 50.00	\$ 30.00	\$ 50.00	\$ 50.00	No filing
Trade/Servicemark Assigment	\$ 50.00	No filing	\$ 50.00	\$ 50.00	No filing

Appendix D cont.: Fees Charged by the Mississippi Office of the Secretary of State in Comparison with Contiguous Southeastern States (Alabama, Arkansas, Louisiana, and Tennessee)

UCC Filings

UCC 1/1F	\$ 5.00	\$ 10.00	\$ 10.00	\$ 20.00	\$ 12.00
UCC 1 with assignee	\$ 5.00	\$ 10.00	\$ 10.00	\$ 25.00	\$ 24.00
UCC 1 with fixture or mineral filings	\$ 5.00	\$ 10.00	\$ 10.00	\$ 30.00	\$ 12.00
UCC 1 with transmitting utility	\$ 5.00	\$ 10.00	\$ 10.00	\$205.00	\$ 12.00
UCC 3/3F (Continuation)	\$ 5.00	\$ 10.00	\$ 10.00	\$ 15.00	\$ 12.00
UCC 3/3F (Assignment)	\$ 5.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 12.00
UCC 3/3F (Amendment)	\$ 5.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 12.00
UCC 3/3F (Release)	\$ 5.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 12.00
UCC 3/3F (Terminations)	\$ 5.00	No fee	No fee	No fee	\$ 12.00
UCC E	No fee	No filing	No filing	\$ 2.00	No filing
Additional Pages	No fee	\$ 1.00	\$ 0.50	\$ 2.00	\$ 0.50
Additional Debtor	\$ 2.00	\$ 1.00	No fee	\$ 10.00	\$ 12.00
Nonstandard Form	\$ 5.00	\$ 2.00	No fee	\$ 15.00	No fee
Search Request	\$ 5.00	\$ 5.00	\$ 10.00	\$ 15.00	\$ 12.00

Notary

Notary Commission	\$ 25.00	\$15.00 (a)	\$ 20.00	\$ 35.00	\$12.00 (b)
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a. Notary fees are collected by counties and range from \$10-\$25; Montgomery Co. charges \$15

b. Notary fees are collected by counties (\$12 fee with \$5 submitted to SOS office)

Broker Dealer

Broker/Dealer Registration	\$200.00	\$ 200.00	\$ 300.00	\$250.00	\$ 200.00
Broker/Dealer Renewal	\$200.00	\$ 200.00	\$ 300.00	\$250.00	\$ 200.00
Investment Advisor Registration	\$200.00	\$ 200.00	\$ 300.00	\$150.00	\$ 200.00
Investment Advisor Renewal	\$200.00	\$ 200.00	\$ 300.00	\$150.00	\$ 200.00
Agent Registration	\$ 50.00	\$ 50.00	\$ 75.00	\$ 60.00	\$ 50.00
Agent Renewal	\$ 50.00	\$ 50.00	\$ 75.00	\$ 60.00	\$ 50.00
Exemption Application	\$300.00	\$ 250.00	No filing	No filing	No filing

Appendix D cont.: Fees Charged by the Mississippi Office of the Secretary of State in Comparison with Contiguous Southeastern States (Alabama, Arkansas, Louisiana, and Tennessee)

Charities

Charitable Registration	\$ 50.00	\$ 50.00	No fee	\$ 8.50	\$ 50.00
Charitable Renewal	\$ 50.00	\$ 50.00	No fee	No fee	\$ 100.00
Professional Fund Raiser/ Solicitor Registration	\$250.00	\$ 100.00	\$ 100.00	Varies (c)	\$ 800.00
Professional Fund Raiser/ Solicitor Renewal	\$250.00	\$ 100.00	\$ 100.00	Varies (c)	\$ 800.00
Fund Raising Counsel Registration	\$250.00	\$ 100.00	Filing not found (c)	Filing not found (d)	\$ 250.00
Fund Raising Counsel Renewal	\$250.00	\$ 100.00	Filing not found (c)	Filing not found (d)	\$ 250.00

c. because these fees vary, they have been extracted from the total count

d. \$0 was calculated for "fees not found"

SOURCE: MS Office of the Secretary of State

Appendix E: Trends in Secretary of State Expenditures by Budget Category for FY 1990 through FY 2000

Fiscal Year	Budget Category				
	Personal Services	Contractual Services	Commodities	Capital Outlay	Subsidies Loans and Grants*
1990	\$ 1,973,691	\$ 1,287,686	\$ 712,532	\$ 97,631	\$ 31,895
1991	\$ 2,206,968	\$ 1,249,914	\$ 801,922	\$ 68,590	\$ 26,875
1992	\$ 2,295,621	\$ 1,196,636	\$ 806,397	\$ 110,530	\$ 43,942
1993	\$ 2,322,164	\$ 1,227,775	\$ 801,016	\$ 51,907	\$ 50,650
1994	\$ 2,326,003	\$ 1,497,382	\$ 612,811	\$ 164,113	\$ 7
1995	\$ 2,337,771	\$ 1,913,944	\$ 721,129	\$ 260,776	\$ 534
1996	\$ 2,937,685	\$ 1,877,582	\$ 738,974	\$ 299,314	\$ 314,387
1997	\$ 3,165,075	\$ 2,330,114	\$ 762,163	\$ 407,446	\$ 194,362
1998	\$ 3,713,430	\$ 2,598,402	\$ 814,370	\$ 317,852	\$ 287,761
1999	\$ 3,962,597	\$ 2,919,203	\$ 710,777	\$ 364,917	\$ 94,439
2000	\$ 4,157,157	\$ 2,290,728	\$ 532,285	\$ 142,783	\$ 33,865

*Subsidies, Loans and Grants are used by the office for such items as payment of bank service charges associated with credit payment for services rendered by the office and refunds to county taxing districts on the sale of tax-forfeited lands.

SOURCE: Secretary of State budget requests FY 1992 through FY 2002

Appendix F: Evaluation of the User-Friendliness of the Website of the Office of the Secretary of State

Standards	Yes	No
Purpose of the site is obvious	X	
Home page has a well-labeled table of contents	X	
A consistent graphic helps with navigation	X	
Main path is clear	X	
Shortcut buttons provide alternate routes	X	
Supporting pages link back to home page and/or original table of contents	X	
If document is long, it has a table of contents with links to main sections	X	
Useful content is not more than three clicks away from home page	X	
Links are accurately described and operate efficiently	X	
Page titles are meaningful and consistent with the words used to link to the page	X	
Site provides user support (online help and FAQs*)	X	

* Frequently asked questions

SOURCE: PEER Analysis, Pacific Bell, and Secretary of State

Appendix G: Analysis of the Office of the Secretary of State Website as of February 1, 2001

<u>Business Services</u>	Can the Users File on Line?	Can the User Download and/or Print Forms	Can the User Access or Search for Information on Line?
Corporate Filings	No	Yes	Yes
Annual Reports	No	No	Yes
UCC Filings	No	Yes	Yes
Notary Applications	No	Yes	Yes
Dealer Licensed & Renewals	No	No	No
Agents Licensed & Renewals	No	No	No
Investor Advisor Licensed & Renewals	No	No	No
FCA Agents Licensed and Renewals	No	No	No
FCA Notice Filings and Renewals	No	No	No
Issuer Agents Registrations & Renewals	No	No	No
Investments Co's Registration and Renewals	No	No	No
Investment Co's Amendments	No	No	No
Investment and Mutual Fund Withdrawals & Terminations	No	No	No
Charities Registration and Renewals	No	No	Yes
Professional Fundraiser Registration & Renewals	No	Yes	No
Administrative Proceedings	No	No	No

Elections

Election Returns	NA	NA	Yes
Candidates and Political Committee Campaign Finance Reports	No	Yes	Yes
Lobbyists and Lobbyists Clients Registrations & Filings	No	Yes	Yes
Fee Paid Reports for Constables	No	No	No
Constitutional Initiatives	NA	NA	No

Public Lands

Deeds of Acquisition and Sale of State Lands	NA	NA	Yes
Certificate List of Lands Forfeited to the State for Non-payment of Taxes	NA	NA	Yes
Annual Reports from School Districts on Management of 16th Section Lands and Funds	No	No	Yes
16th Section Leases	NA	NA	Yes

Appendix G continued: Analysis of the Office of the Secretary of State Website as of February 1, 2001

Publications

Agency Press Releases	NA	NA	Yes
Mississippi Constitution	NA	NA	Yes
Mississippi Code	NA	NA	Yes

SOURCE: PEER analysis and the Office of the Secretary of State.

Appendix H: Components of Effective Performance Measurement

In the public sector, performance measurement is an important tool for ensuring accountability for the use of public resources. Mississippi's Performance Budget and Strategic Planning Act of 1994 (MISS. CODE ANN. Section 27-103-151 et seq. [1972]) requires the inclusion in state agency appropriation bills of performance target and measurement data for each program. The purpose of this requirement is to provide indicators of whether state budget units are efficiently and effectively using their resources to accomplish their objectives.

The essential components of an effective performance measurement system include:

- a clear statement of program objectives tied to the organizational mission;
- measurement of achievement of each objective using indicators that are:
 - ❖ comprehensive (the indicators measure the program's objectives);
 - ❖ relevant (the indicator is directly or indirectly related to the objective);
 - ❖ valid (the indicator measures what it purports to measure);
 - ❖ verifiable (there is adequate supporting documentation for the actual figure presented); and ,
 - ❖ accurate (recalculation provides the same figure as that which is presented);
- analysis and use of the performance information obtained to improve operations.

Efficiency and effectiveness measures better reflect performance than do measures of volume. An efficiency measure indicates the amount of a service output produced as related to the amount of input required to produce it. Inversely, it relates the amount of input to unit of output. An effectiveness measure indicates the extent to which an activity or program meets and fulfills an objective or need, or brings about desired results.



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April 9, 2001

Dr. Max Arinder
Executive Director, PEER Committee
Post Office Box 1204
Jackson, Mississippi 31215-1204

Re: Response to Report

Dear Dr. Arinder:

I appreciate the opportunity to address some of the issues that are set out in the PEER Committee Report. Initially, I would like to thank the Committee and its staff for the professionalism and thoroughness of its review. I think state government should be open for public inspection at all times, and I do hope the Secretary of State's Office has done everything possible to help PEER assess the performance of this agency.

I have discussed the recommendations of the committee with my staff, and have drafted responses to each of the recommendations below.

Recommendation # 1

The Secretary of State's website should offer a direct link to the National Association of Securities Dealers (NASD) website for searching and accessing security information.

Response

The Secretary of State's Business Services (Regulation & Enforcement) Division has an ongoing list of suggestions for web site improvements. NASD, SEC, BBB (Better Business Bureau), and other related website links are included on this list as ways to improve the website. The NASD link will be added within the next six months.

Recommendation # 2

The Office of the Secretary of State should continue to actively pursue on-line filing for all applicable documents to enhance the user-friendliness of the office.

Response

The Secretary of State's Office will continue to pursue on-line filing of all applicable documents. With the passage of the SB 2678, the "Uniform Electronic Transaction Act," the task of moving processes online should become less difficult.

Recommendation # 3

The Office of the Secretary of State should adopt formal procedures establishing uniform policy for the receipt and documentation of complaints involving office services.

Response

The Office of the Secretary of State has an informal policy for complaints involving office services. A formal policy will be written. In addition, a software application will be created to capture and track constituent complaints.

Recommendation # 4

The Office of the Secretary of State should adopt procedures for collecting divisional staffing numbers to be presented in the annual budget request. The procedure should help ensure that the staffing numbers presented in the request are accurate. In addition, the staff should compile and maintain historical staff information and documentation. The compilation should aid in the office's ability to perform future efficiency studies.

Response

On page 34 of the report, the PEER Committee has asked about divisional staffing numbers provided to the Legislative Budget Office. I would note that we take great pains to provide the Legislature with accurate information at all times. The total staffing numbers reflected in the annual budget request are correct and have been correct every year. In the past, divisional staffing totals have fluctuated, actually making it difficult to provide a workload analysis.

The Office of the Secretary of State will develop policies and procedures for compiling and maintaining historical staff information so that workload analysis studies can be performed.

Recommendation #5

The Office of the Secretary of State should construct performance measures that will allow it to accurately measure efficiency and effectiveness relative to the office mission. An effective measurement system should include a clear statement of program objectives tied to the organizational mission and the measurement of achievement of each objective using indicators which are:

- comprehensive (the indicators measure the program's objectives);
- relevant (the indicator is directly or indirectly related to the objective);
- valid (the indicator measures what it purports to measure);
- verifiable (there is adequate supporting documentation for the actual figure presented); and,
- accurate (recalculation provides the same figure as that which is presented).

Response

The Office of the Secretary of State began the process of strategic planning in 1998. The strategic planning process has included the following steps (at a divisional level):

- Understanding the current status
- Determining the future status
- Determining the gaps between the current and future status
- Development of Divisional Visions
- Development of an Agency Vision
- Revisiting the Agency Mission

The next few months of this fiscal year (FY 01) will include the following:

- Finalizing the Agency Vision
- Development of Agency Critical Success Factors (Performance Measures)
- Development of Divisional Critical Success Factors (Performance Measures)

The goal of the Office of the Secretary of State is to develop Critical Success Factors (Performance Measures) that are comprehensive, relevant, valid, verifiable, accurate, and most of all, useful to the leaders of this organization. These new measures will be

decided upon within the next few months, and the collection of relevant data should begin in fiscal year 2002.

Recommendation # 6

The Office should adopt formal written policies and procedures for each division to standardize how individuals are to perform the required work.

Response

The Office of the Secretary of State has both formal and informal policies and procedures. Each division will adopt formal written work policies and procedures, and these procedures will be made available via an agency intranet.

Recommendation # 7

The Secretary of State should include in its annual report an accounting of revenue and expenditures for the Public Trust Tidelands Fund, the Land Records Maintenance Fund and the Securities Act Enforcement Fund.

Response

The annual report for the Secretary of State includes the total revenue collected during the fiscal year, which includes revenue for the Public Trust Tidelands Fund, the Land Records Maintenance Fund and the Securities Act Enforcement Fund. The expenditures and revenue for each of these funds, individually, will be included in future annual reports.

Again, the Secretary of State's Office appreciates and welcomes review by the PEER Committee. If you have any questions or comments please do not hesitate to contact me.

Sincerely,



ERIC CLARK
Secretary of State

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